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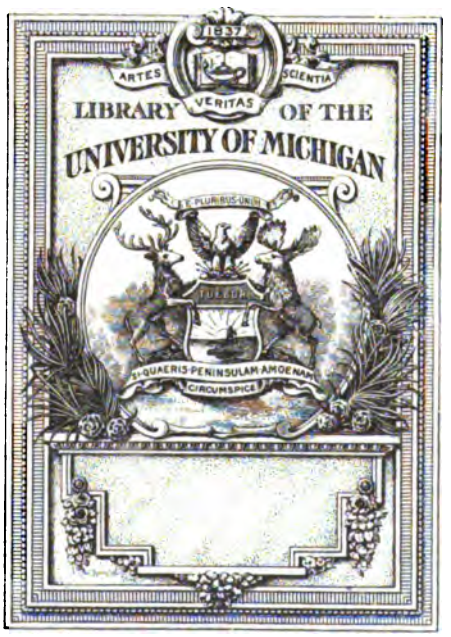
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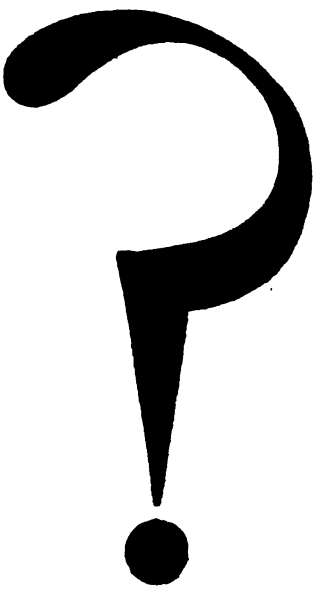

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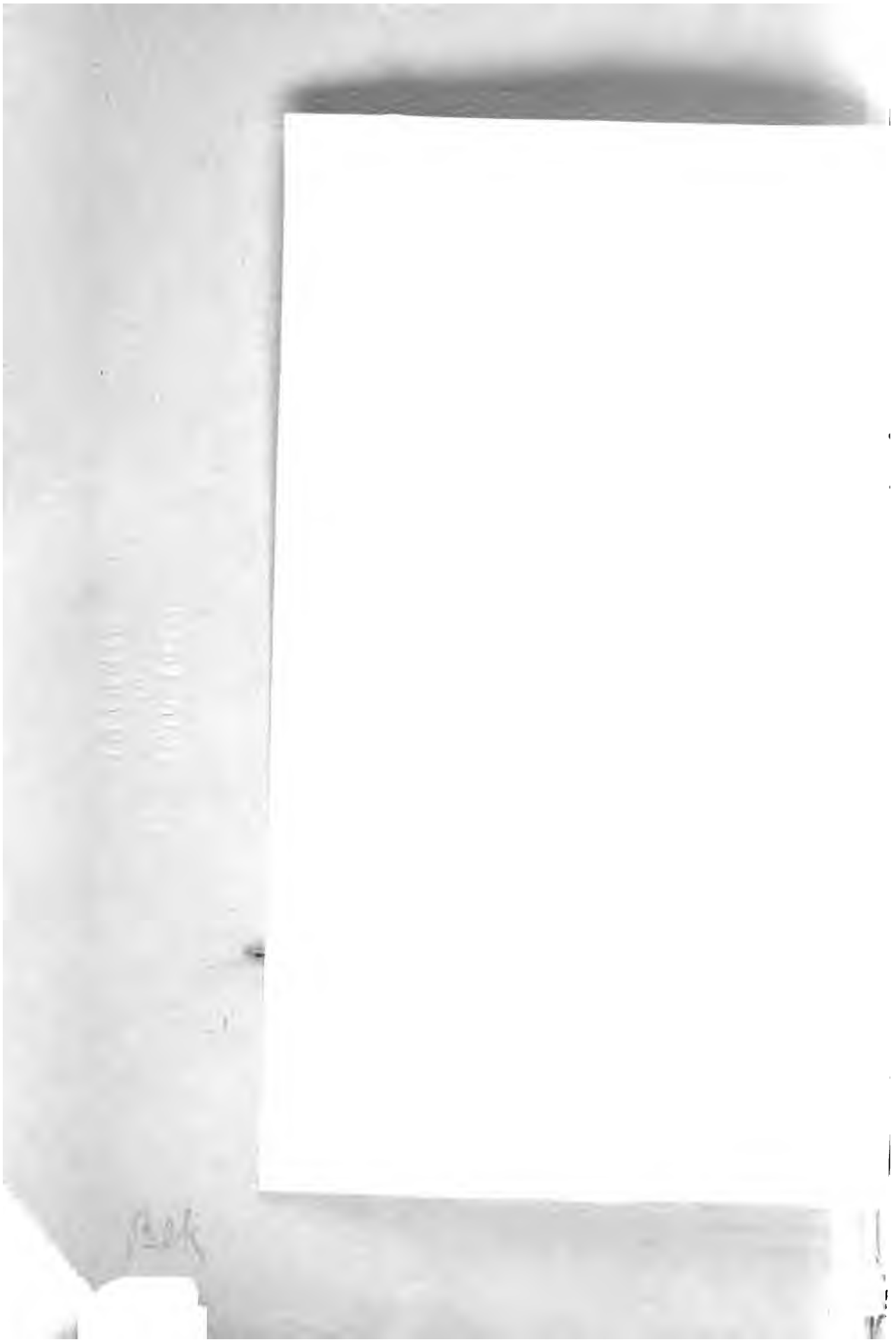

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What Are The Facts?

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Protection and Reciprocity Illustrated

Questions of To-Day Answered

IN

ONE-HUNDRED GRAPHIC STUDIES

EMBRACING A

CENTURY OF AMERICAN POLITICS

INDUSTRIES AND FINANCE

BY

FLETCHER W. HEWES

Author of SCRIBNER'S STATISTICAL ATLAS OF THE UNITED STATES

AND

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Chairman of the HOUSE COMMITTEE OF WAYS AND MEANS, FIFTY-FIRST CONGRESS

GOVERNOR OF OHIO

New York

HENRY F. CLARK

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AUTHOR'S PREFACE

HONEST men of all parties want the whole truth. Few men, however, can easily grasp the record of a century or even of a score of years; it covers too many figures. Dishonest politicians know this and take advantage of it.

Few men, if any, can without the aid of graphic delineation carry in mind the array of dates and figures necessary to a clear historical study of any national policy. It is, therefore, easy for partisan speakers or writers to select exceptional cases, and either ignorantly or dishonestly put them forward as representing the truth.

The GRAPHIC STUDIES contained in this hand-book, furnish an authoritative review of the tariff, commerce, finances and national policies of the United States from the adoption of the Constitution to the present year.

They portray the condition of the wage earner under a tariff purposely framed to exclude protection, and under one purposely framed to provide protection; and the wages of labor in this country and in Europe are graphically compared. They also compare the results to the farmer and the manufacturer from increasing wages and decreasing prices during the Protective Tariff period.

They treat silver as one of the products of labor, showing the reason why it has lost value in the open market, and indicate the danger of allowing private or commercial interest to determine the amount of its coinage. They examine the trade of South American countries, and show the possibilities and achievements of Reciprocity.

The data for the STUDIES are taken from the Official Records of the United States Government, and other authoritative sources, and the documents used as authority, are named with each exhibit. No figures are omitted because they favor one party or the other. The reader is thus enabled to test for himself the correctness of the figures quoted in argument by speakers, editors or other writers.

Each of the more than one hundred GRAPHIC STUDIES represents much laborious investigation of original sources of information; and it may be said without exaggeration that every one of these exhibits contains materials which might easily be expanded into a useful volume. The author confidently hopes that this hand-book will enable every reader, and especially every voter, to decide for himself, all the important questions of fact touching the political issues of to-day.

These STUDIES are earnestly dedicated to those men, young or old who, unbound by tradition or prejudice, are both willing to know the truth and able to give it full recognition.

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What are the Facts?

INTRODUCTION.

There are some things upon which all are in accord, and which are so manifest as to require no argument or amplication. They are admitted facts. Among them are the facts that the United States must have sufficient money to meet its current expenses and maturing obligations; that the United States as a political society is without assets, without money, and has no income, except what it secures by taxes collected from its people. It must collect its money, whatever may be its actual requirements, either by direct taxes or by duties upon imports. There are few people to be found in the country who seriously favor the system of direct taxation for governmental expenses; that is, taxing the people, their property, real and personal, their professions and employments. The American sentiment is practically unanimous in favor of raising at least a large share of the revenue for the Government by levying duties upon foreign importations.

It requires almost a million of dollars every twenty-four hours to meet the necessary wants of the public service, and there is general assent to the proposition that the bulk of this vast sum shall be raised from customs source. Up to this point there is substantial concurrence; but here individual and party sentiment divide, and, I believe, honestly divide; and to these lines of division, and the principles upon which they respectively rest, I invite thoughtful consideration.

Free-traders, so-called, or, to be more exact, the advocates of a revenue tariff, believing with the other school of political economists in import duties, insist that duties shall be levied upon that class of foreign products which are not produced in the United States, the principle being that revenue is the sole and only object of such taxation; and that a duty levied upon such foreign products as have little or no home competition will secure the largest revenue with the smallest rate of duty. And this is altogether true. for whenever you can find

a foreign article which the people of this country require and which of necessity they must import, any duty, however low, indeed the very minimum, will produce revenue; for inasmuch as there is no home-produced article to contend for any part of the home market, importations will go on unchecked, and the revenue derived therefrom will be limited only by the extent of the importations influenced by the necessities of our people and their capacity to buy. The products tea and coffee, furnish a simple and familiar illustration. Neither of these great staple articles are produced in the United States. The demands of our people for these products (and they extend to every home and fireside in the land) are supplied from abroad. Now, any tax thereon, however slight and insignificant, would produce a very considerable revenue to the Government; and this illustrates what is commonly understood as a "Revenue Tariff."

The other theory of taxation, and the one which I believe to be essential to American development and national prosperity, is based upon an exactly opposite principle. It permits all articles of foreign production, whether of the field, the factory, or the mine, excepting only luxuries, which we cannot produce in the United States, to enter our ports free and unburdened by custom-house exactions. The duty is to be imposed upon the foreign competing product: that is, the product which, if brought into this country, would contend with the products of our own soil, our own labor, and our own factories, in our own markets. Under this system, if the foreign producer would enter our market with a competing product he must contribute something for the privilege which he is to enjoy, and this something, in the form of duties, goes into the Treasury, furnishing revenue to the Government; and these duties operate to protect the joint product of labor and capital against a like foreign product.

This mode of levying duties answers a double purpose: It produces revenue to the Government, and at the same time fosters and encourages the occupations of our own people, promotes industrial development, opens up new mines, builds new factories, and sustains those already established, which in turn furnish employment to labor at fair and remunerative wages. A revenue tariff accomplishes but a single purpose—that of raising revenue; it has no other mission; while a protective tariff accomplishes this and more—it brings revenue to the American treasury and discriminates in favor of the American citizen. A revenue tariff invites the product of foreign labor and foreign capital to occupy our markets free and unrestrained in competition

with the product of our own labor and capital. A protective tariff invites the products of foreign labor and foreign capital which are necessary to the wants of our people, and WHICH WE CANNOT PRODUCE IN THE UNITED STATES, to occupy our markets and go untaxed to the people; but insists that every foreign product, the like of which is produced at home, or can be produced successfully in quantities capable of supplying the domestic consumption, shall, whenever necessary to maintain suitable rewards to our labor, bear a duty which shall not be so high as to prohibit importations, but at such a rate as will produce the necessary revenues, and, at the same time, not destroy, but encourage American production.

Amongst honest and intelligent men, a long approach is made to the end of any controversy when the facts underlying the issue are placed beyond dispute. There will still remain minor differences of opinion, but few questions of serious practical moment can outlast a real agreement as to the facts on which the issue is made.

In questions of public policy, which must be settled in the end by the voice of the nation at large, it is of the utmost importance that full and correct information shall be gained by the masses of the people. It is not enough that facts be stated clearly and exactly at every opportunity, but the statement must be such, in its very form, as will both interest and convince, such as will arrest the attention of busy and preoccupied men, and win the assent even of those inclined to an opposite opinion.

The practical merits of the Protective Tariff system as a national policy can be finally determined only by its actual results upon the prosperity of the country at large. If it shall be shown that the condition of the American people of all classes has been materially and steadily improved under the Protective system, and that it is at present far better than ever before under any other policy, either in this or any other country, it will go far to convince all men that this system should be maintained and strengthened.

The object of the present work is to make such an APPEAL TO THE FACTS in the most convincing and graphic manner. This it does by presenting clearly and vividly to the eye as well as to the mind of every reader, the actual results of the successive tariffs and other economic policies of the nation for an entire century of its history.

The first chart presents the tariff rates of Great Britain for the past twenty years, by way of giving a standard for comparisons. Sec-

ondly, a series of six connected charts pictures the tariff rates of the United States for a hundred years, so that all the principal facts concerning the protecting tariffs are shown clearly to the eye. The reader sees the whole record at once, and no partisan misrepresentation can lead to the belief that a low tariff was a high one, or that the tariff rates of the Civil War period are still in force.

The imports and exports of the century are pictured in the same way as the tariff rates. The large excess of exports over imports since 1875, presents a satisfactory picture of increased comfort in the homes, especially of our rural population, and it is clearly shown that by far the larger part of our export is made up of agricultural products.

A very large number of the voters of to-day were unborn, or at best were but boys, when the Civil War with its high tariff came. Personally they know nothing of the industrial conditions of the low tariff period before the war. Hence many honest voters are bewildered by strange contradictions regarding those conditions, which can only be removed by a full survey of the facts, such as is here given. The wage charts in the iron, cotton and wool industries and in unskilled labor, picture the wages in these representative industries and their purchasing power under both low and high tariff. The reader cannot avoid the conclusion that a day's wages will buy much more food and clothing than before the war. The wage-earner cannot escape the fact that this country, with a protective tariff, offers him better wages than any other country in the world.

The United States free trade map of the world shows how wide open the doors of foreign trade have been set, wherever it is possible to do so without robbing American workmen of employment.

The charts comparing the "home market" with the "markets of the world" show plainly to the farmer which market is the more valuable to him. Those giving the purchasing power of a bushel of wheat and a hundred-weight of beef for each year since 1865, show whether the purchasing power of his products has increased or diminished during the protective tariff period. He can, therefore, decide for himself whether the present national policy has benefited him or not, and partisans can no longer delude him.

The charts showing the purchasing power of a keg of nails and a hundred yards of cloth during the protective tariff period, tell the story of the manufacturer's position better than pages of words or hours of argument. Had the record stopped before 1870, while "war prices"

were still partly in force, the outlook for the manufacturer would have been more favorable.

There is no more remarkable example of the destruction of a once prominent American industry, than the record of the decadence of the American Carrying Trade on the ocean. The charts of ship-building are but the sad sequel to the story of the carrying trade. The coasting trade, and the carrying trade of the Great Lakes, thrifty because of due protection, show, when taken with the proud position of the ocean trade in earlier years, what the present might be, but for the strange neglect of this great industry by our legislation.

The graphic history of the rise and fall of parties, together with the record of chief issues, will be found valuable in determining the responsibility of the various parties in the entire legislation of the century.

The record of the total ballots cast from 1856 is sufficient proof that for some reason the popular vote of the Gulf States is not fully cast. The reader may draw his own inference as to the cause, but cannot escape the fact.

To sum up, the work comprises a series of ingenious and effective GRAPHIC STUDIES, one hundred in number, designed and prepared by Fletcher W. Hewes, a statistician of recognized authority, heretofore widely known through his authorship of "Scribner's Statistical Atlas of the United States," the most comprehensive statistical work ever published in this country. Each STUDY consists of one or more illustrative plates printed in colors, with accompanying descriptive and historical notes, which fully explain the sources and the bearing of the facts presented. It has been to me a pleasure and a privilege to examine the work in advance. It will be found to answer hundreds of queries touching the vital political questions of the hour—questions which must be answered before a conscientious voter can reach an intelligent and safe conclusion.

Believing that the clear and convincing exhibits of this book are of eminent value in deciding the present controversies, I take pleasure in commending them most heartily to all men who wish to know the whole truth without omission or evasion.

WILLIAM MCKINLEY, JR.

COLUMBUS, OHIO, June 20, 1892.

TARIFF RATES.

Preliminary Note.—For the sake of both clearness and brevity, the explanations needful to a full comprehension of the GRAPHIC STUDIES are appended in the form of direct Answers to short Queries. They are numbered for reference, thus avoiding repetition.

These Queries are of the following kinds: (1) Such as will naturally occur to the reader; (2) Such as will best bring out the facts underlying the current political and economic questions here treated; (3) Such as call attention to the more important and suggestive of the graphic features, especially the many far-reaching comparisons and generalizations here for the first time presented

Sometimes, as in the first few of the series, several of the questions must be taken together to reach the full explanation of the matter in hand. In nearly all cases, the space at command allows mention of but a small part of the useful inquiries which the GRAPHIC STUDIES will at once suggest and answer to the alert and intelligent reader.*

QUERIES ANSWERED.

1. What is a tariff?

In the broadest usage, any schedule or system of rates or charges is a tariff; for example, a tariff of railroad fares or of freight rates.

2. What is a customs tariff?

A list, schedule or system of payments required by a Government to be paid into its treasury on articles of merchandise imported (brought in) or exported (taken out) over its boundaries. Such payments are variously called customs, imposts, duties, etc.

3. What is a tariff-rate in the United States?

The amount fixed by law to be paid on any article of merchandise imported. There is no tariff charge on exports from this country.

4. What is a specific rate?

When the law requires the payment of a certain specified sum per pound, per yard, per bushel, etc., it is a *specific* rate of duty.

5. What is an ad valorem rate?

When the law requires the payment of a certain part of the value of the article, as $\frac{1}{4}$, $\frac{1}{8}$, or $\frac{1}{2}$, etc., it is an *ad valorem* rate of duty; that is, "according to the value."

6. How is the valuation determined?

In the case of *ad valorem* duties, the amount of money that goes into the treasury depends on the market price at which the article is bought from the foreign producer.

7. How may the duty vary without a change of rate?

If at one time an article is bought at one dollar on which the law requires a rate of $\frac{1}{10}$ of the value, a duty of ten cents must be paid.

If the foreign market price of the same article drops to fifty cents, the *tariff rate* remaining the same, namely, $\frac{1}{10}$ of the value, then only five cents goes into the treasury. The duty actually paid will be greater or less, as the foreign market value of the article changes.

8. How is the average rate determined?

The law provides that one product shall pay one rate, and another product another rate. Some rates are specific and some *ad valorem*. Some are high, some are low. What then is the actual or average rate? To determine the average rate, it is necessary to compare the whole amount of duty really paid into the treasury with the total value of all the articles imported.

For example, if a duty of $50 is paid into the treasury on a shipment of several different articles bought in the foreign market for $100, the average or actual duty in this case is one-half (50-100) of the total value. One of the articles may have paid 60 per cent. *ad valorem*, another 25 per cent. *ad valorem*, another 40 cents a pound, another 10 cents a yard, etc.; but if the whole duty paid on the shipment is $50, and the valuation is $100, the actual average rate collected is fifty per cent. *ad valorem*.

9. How does the average rate vary?

It is plain that a Government may reduce its average tariff rate by making free of duty, a part of the imported articles before dutiable, or by admitting a part or all of them at lower rates.

* The Author is under obligation to the "American Economist" for many helpful suggestions in the preparation of these STUDIES.

Graphic Method

General Explanation.—One Graphic method is used in all the charts—any special feature will be explained where it appears.

Method of Construction.—A diagram is first drawn consisting wholly of straight lines.

1.—In all historical charts, spaces between lines running up and down, represent years, singly or in groups. The figures at the foot designate the several years.

2.—Spaces between the lines running across, represent quantity in percentages, dollars, or other standard measures. The figures printed on the cross lines, mark the scale of definite quantities, increasing from bottom to top.

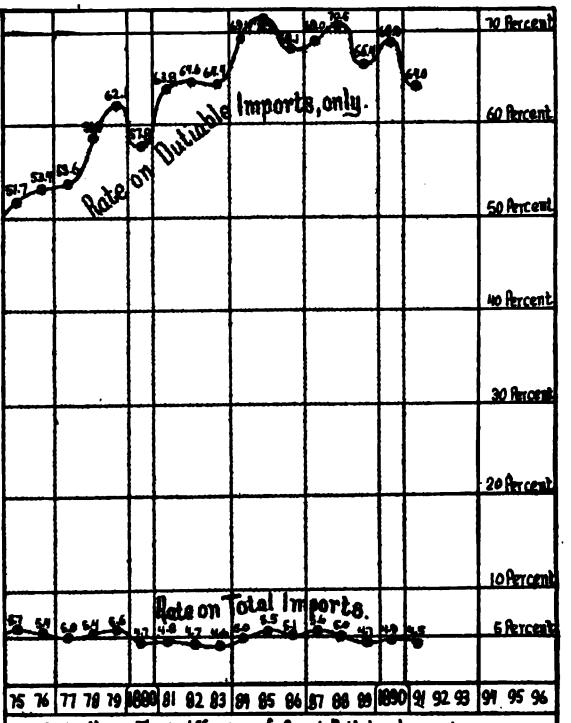
3.—Each dot represents the percentage or other quantity for a single year. A dot placed higher than another, represents a greater quantity. The dots of each series, are connected by a line, enabling the eye to follow the increase or decrease, from year to year.

4.—The blank spaces at the right for 1892-96, enable the reader to carry the record on from year to year as the official figures shall be published.

5.—The colors are used only to aid the eye in gaining a vivid picture of the quantities and comparisons represented.

The Chart at the right.—A full explanation is given below of GRAPHIC STUDY No. 1—"Tariff Rates of Great Britain."

Tariff Rates of Great Britain



Authority.—The tariff rates of Great Britain, shown above, are computed from the "Annual Statement of the Trade of the United Kingdom" for the years 1875 to 1891, inclusive, published by the British Government, and furnished by the Bureau of Statistics of the United States.

GRAPHIC STUDY, No. 1.

Explanation.—The average tariff rate on the total imports of Great Britain for sixteen years is marked by the dots at the upper edge of the dark shade of color. These dots are all very close to the lowest horizontal line of the diagram designated as the 5 per cent. line by the figures at the right. The average yearly rate on the dutiable imports of that country is shown by the line of dots near the top of the diagram. The figures printed with the dots state the average rate for each year in per cents. and tenths.*

QUERIES ANSWERED.

10. How has Great Britain's average tariff-rate varied from year to year?

Each dot along the upper edge of the color represents the rate for one year. Some of them are a little above the 5 per cent. line, and some a little below. Without reading the figures separately, it is seen at once that the rate has not varied much from 5 per cent. for the past sixteen years.

11. What was the average rate for 1891?

The right hand dot (1891) has 4.5 printed above it. This shows that Great Britain actually collected duties at the rate of only $4\frac{5}{10}$ per cent. *ad valorem* on the total imports for 1891.

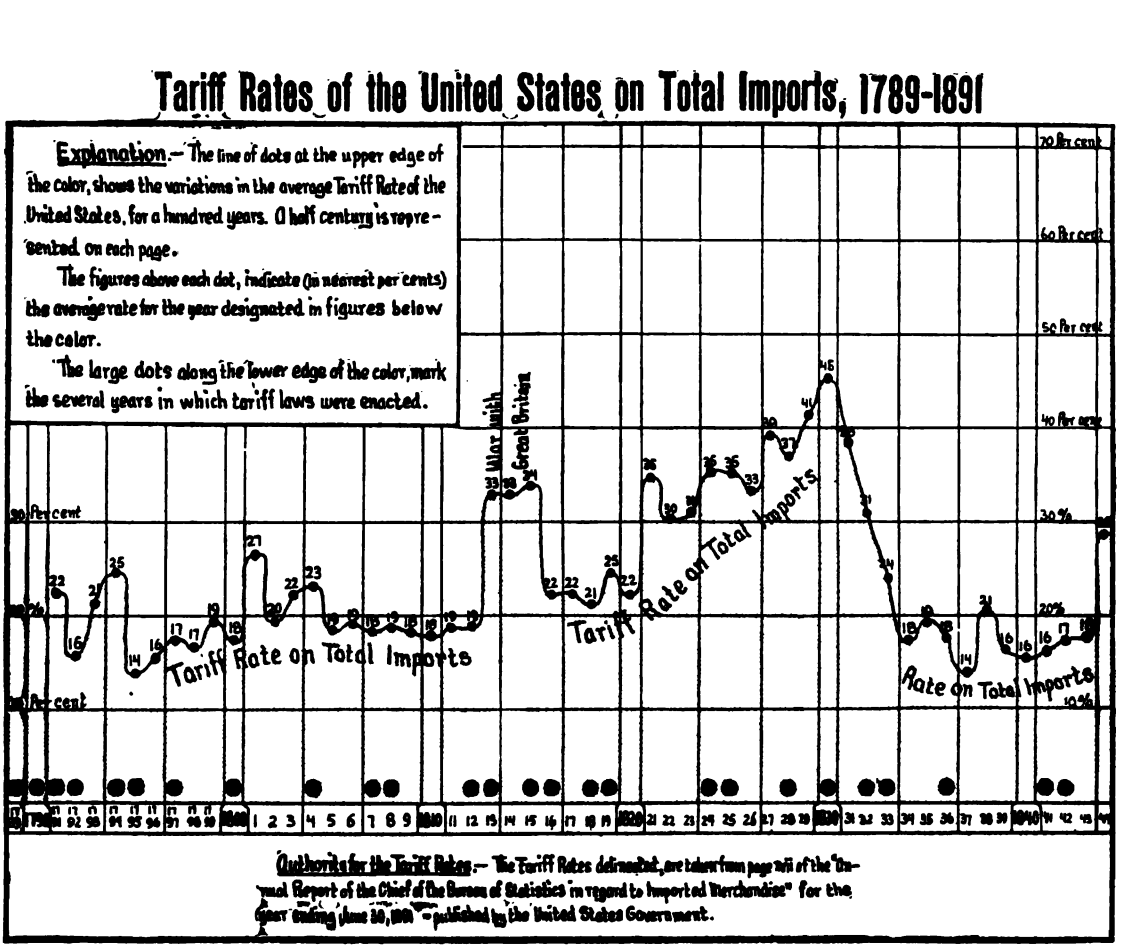
12. How has Great Britain's tariff-rate on dutiable imports varied?

It is easily seen that the rate has varied greatly; also that for the last eight years it has been nearly 70 per cent. Although Great Britain admits nearly all products of other countries free of duty, the tariff rates on those not admitted free are very high.

13. On what articles are the English tariff-rates very high?

An example of excessively high tariff-rate is the English duty on tobacco. The actual rate collected in 1890, according to the "Statistical Abstract of the United Kingdom," was, on unmanufactured tobacco, $422\frac{3}{10}$ per cent. The actual rate collected on unmanufactured tobacco in the United States, according to the "Report on Imported Merchandise," was for the same year $72\frac{6}{10}$ per cent. The respective rates on the total imports of tobacco by the two countries was, in Great Britain, $267\frac{8}{10}$ per cent., and in the United States, $80\frac{1}{10}$ per cent.

*These computations of the English tariff rates can be verified by the table of imports of Great Britain for these years, both dutiable and total, on page 318 of the "Quarterly Report (No. 1, 1891–92) relative to Imports, Exports, Immigration and Navigation," published by the Bureau of Statistics of the United States. The total customs duties collected each year are given in the "Statistical Abstracts of the United Kingdom," published by the British Government.



GRAPHIC STUDIES, Nos. 2-3.

Explanation.—The annual average tariff-rates of the United States for a hundred years are shown in the above STUDIES, entitled "Tariff Rates of the United States on Total Imports, 1789-1891." The line of dots at the upper edge of the color running across both pages shows the yearly variations. As in the chart of Great Britain's rates on the preceding page (p. 13, repeated here on the right hand page for comparison), the years are printed just below the color so that the date of any change is seen at a glance. The rates of the first half of the century of the nation's tariff-history are represented in STUDY No. 2, on the left hand page, and those of the second half century in STUDY No. 3, on the right hand page.

Few persons have the opportunity or inclination to study for themselves the tables of the tariffs of the century. In general, every one depends upon his newspaper; but editors in general are not careful statisticians, and are only too ready to jump at the conclusions which they want their readers to believe, or which they believe their readers want. The statements of this work are without exception from official and authoritative sources, and can be verified readily by anyone.

QUERIES ANSWERED.

14. How has the American tariff-rate varied?

As the eye follows the upper edge of the color across the page, the fact appears that the rates have varied greatly at different periods. The highest rates stand up like mountain peaks, and the variations, whether great or slight, are clearly marked. It is seen to be the fact, that each half century has had a period of relatively very high rates, the first of which reached its climax in 1830 with an average rate of 45 per cent., and the second in 1868, when it was 47 per cent.

15. During what period has the tariff been most steady?

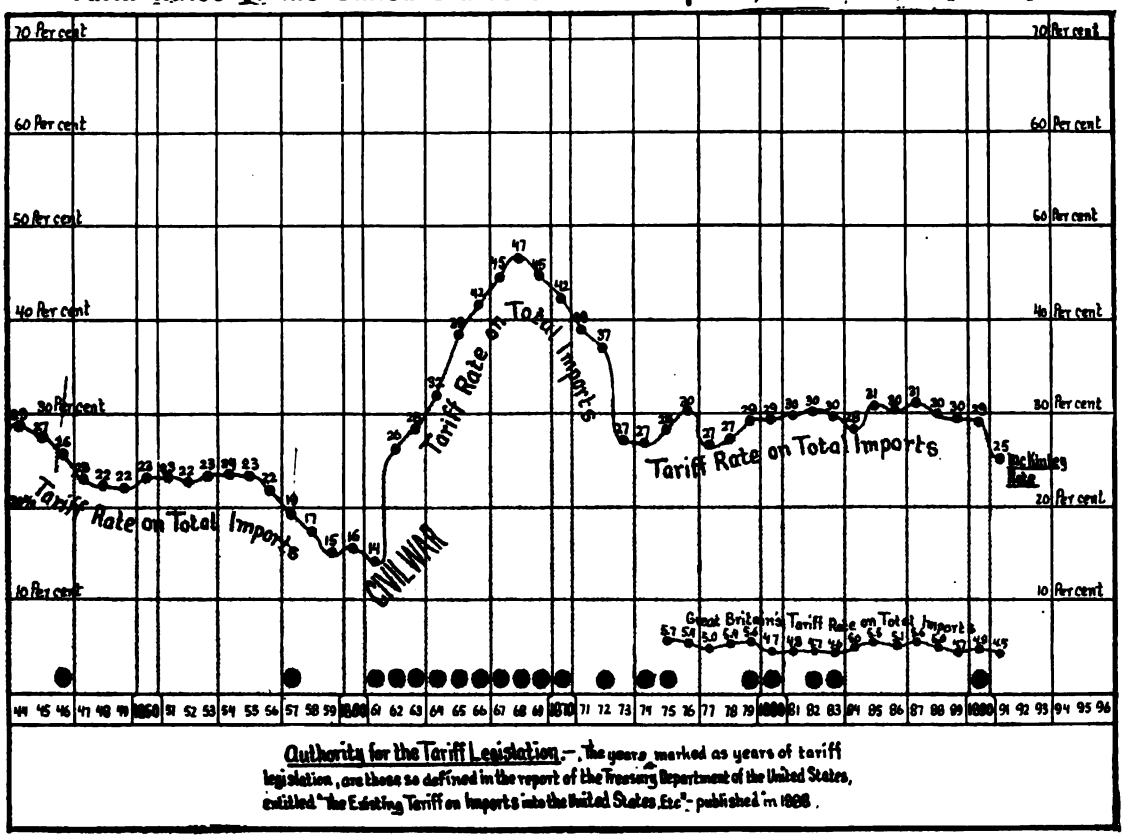
A single glance across the two pages embraces the record of the whole century (1791–1891), and shows that the last eighteen years (1873–1891), form the longest period of fairly uniform rates. The only other periods of like uniformity of rates, 1805-1812 and 1847-1856, were much shorter.

16. What has been the course of tariff legislation during the century?

The large dots near the foot of the color mark the years (forty-six in number), in which Congress made one or more new tariff laws or changed the existing laws.

The frequent recurrence of the dots shows that the tariff has been a very prominent feature of Congressional action from the founding of the

Tariff Rates of the United States on Total Imports, 1789-1891 (continued).



Authority for the Tariff Legislation.—The years marked as years of tariff legislation, are those so defined in the report of the Treasury Department of the United States, entitled "the Existing Tariff on Imports into the United States, etc"—published in 1892.

Government. It has been a still more prominent feature of debate, both in and out of Congress. For example, no period in our history has been more strongly marked by tariff agitation than that since 1883, and yet the McKinley act of 1890 was the only tariff law enacted during this time.

17. Was the average rate lowered by the McKinley law?

A very significant fact is that the year 1891 shows a decided reduction of the average rate resulting from the McKinley law of 1890.

18. How much has the McKinley law reduced the average rate?

The dots mark the average rate for the fiscal years (ending June 30). The McKinley law took effect, in its general application, October 6, 1890. The dot for 1891 therefore marks the rate for a year consisting of three months (July, August and September of 1890) under the old rates, and nine months following under the McKinley rates, and shows a reduction in this time from 29 per cent. to 25 per cent.

Reports of the duties collected since June 30, 1891, show a still further reduction of the rate, so that the rate for the year ending June 30, 1892, will be reduced nearly, if not wholly, to the rate of the "Moderate Revenue Tariff Period" from 1847 to 1856. STUDY No. 5, p. 17.

19. What besides legislation may cause the rate to vary?

Considerable variations often occur without a change of law, due to the fluctuations in foreign market prices, or in the demand for imported goods bearing high or low rates of duty.

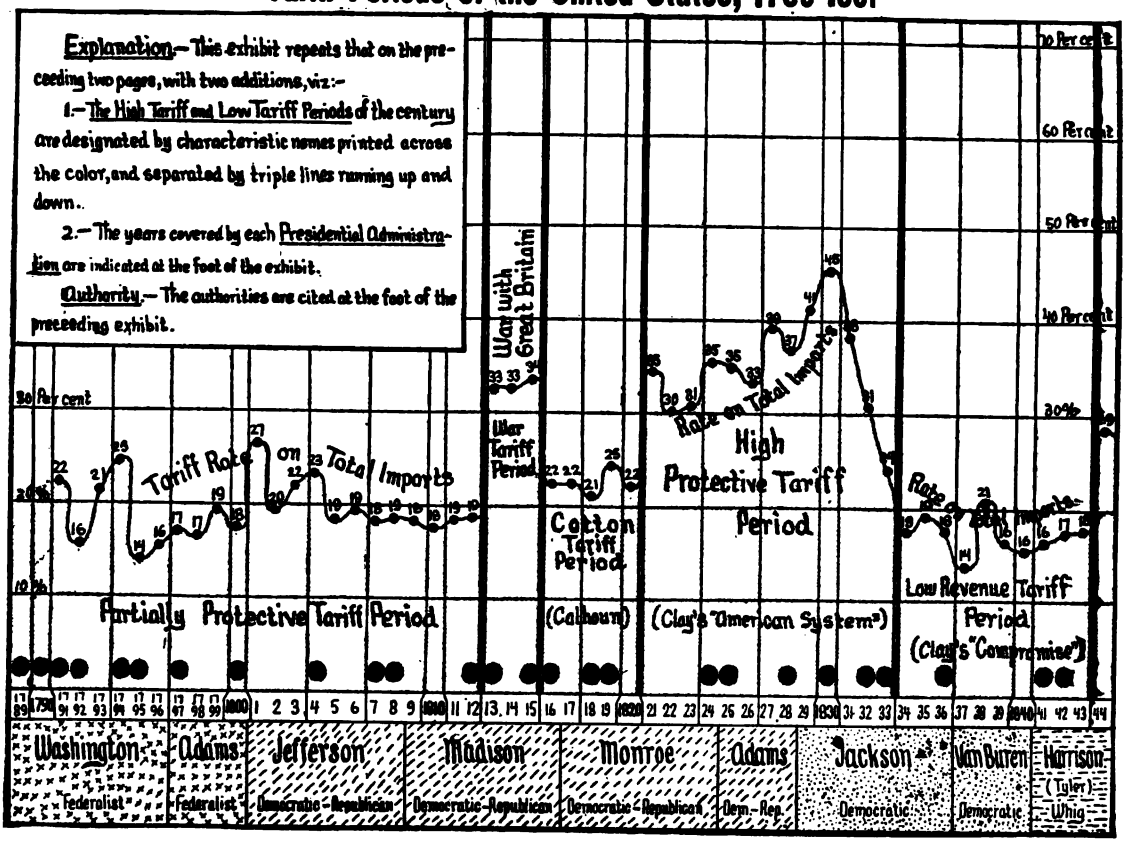
20. How does the foreign market vary the rate?

For example, we may suppose that a certain grade of woolen goods, costing in the foreign market $2.00 per yard, pays a specific rate of $1.00 per yard. The duty collected in this case will amount to 50 per cent. *ad valorem* (one half the value of the goods). If the next year the cost of the same goods in the foreign market is $1.00 per yard, while the specific rate remains, as before, $1.00 per yard, the duty amounts to 100 per cent. of the value, instead of 50 per cent., as before. It is plain that the actual rate has in this case doubled, with no change of law.

21. How does the home market vary the rate?

If the demand in our own markets one year is largely for a class of imports bearing a low tariff rate, the average rate on all imports for that year would thereby be reduced; if, on the other hand, a great demand springs up the next year for a class of goods bearing a very high tariff rate, with the same or a less demand for those bearing a low rate, there will be an increase of the average rate of duty collected on the total imports. In both cases a change of the average rate occurs, with no change of law.

Tariff Periods of the United States, 1789-1891



GRAPHIC STUDIES, Nos. 4-5.

Explanation.—This exhibit is the same as that on the two preceding pages, with the addition of the several Tariff Periods and the Presidential Administrations of the century, which are named with their several dates at the foot of the above STUDIES.

QUERIES ANSWERED.

22. Is the "Civil War Tariff" still maintained?

It is not the aim of these studies to enter into the discussion of the causes leading to the adoption of high tariffs or low tariffs. Their object is to present the facts authoritatively, so as to set at rest all question, whether high or low tariffs actually prevailed at certain periods.

Newspapers and public speakers, on the one hand, assert constantly that the "War Tariff" is still in force, and, on the other hand, that it has been abandoned. Which is right? One look at the above GRAPHIC STUDY settles this question beyond dispute. The actual average rates on total imports since 1872 is seen to be a little under 30 per cent., as compared with 47 per cent. (within a fraction) in 1868, at the highest point of the war tariff.

23. What was the beginning of the American protective tariff?

The rate for the first tariff period, from 1789 to 1812, shows considerable fluctuation, but averages about 20 per cent. This beginning of the American system of protection marks one of the most important differences between the temporary confederation and the lasting Union. The effect of the partial protection of that date was important for it gave industry the encouragement previously lacking. A lower protective rate was then effective in shielding home industries against the cheaper products of the old world, because the difference in wages and other conditions between laborers in this country and in Europe was not then nearly so great as now. This is clearly shown on page 35, which presents the difference of wages in 1835 and 1880.

24. When was the first "War Tariff" period?

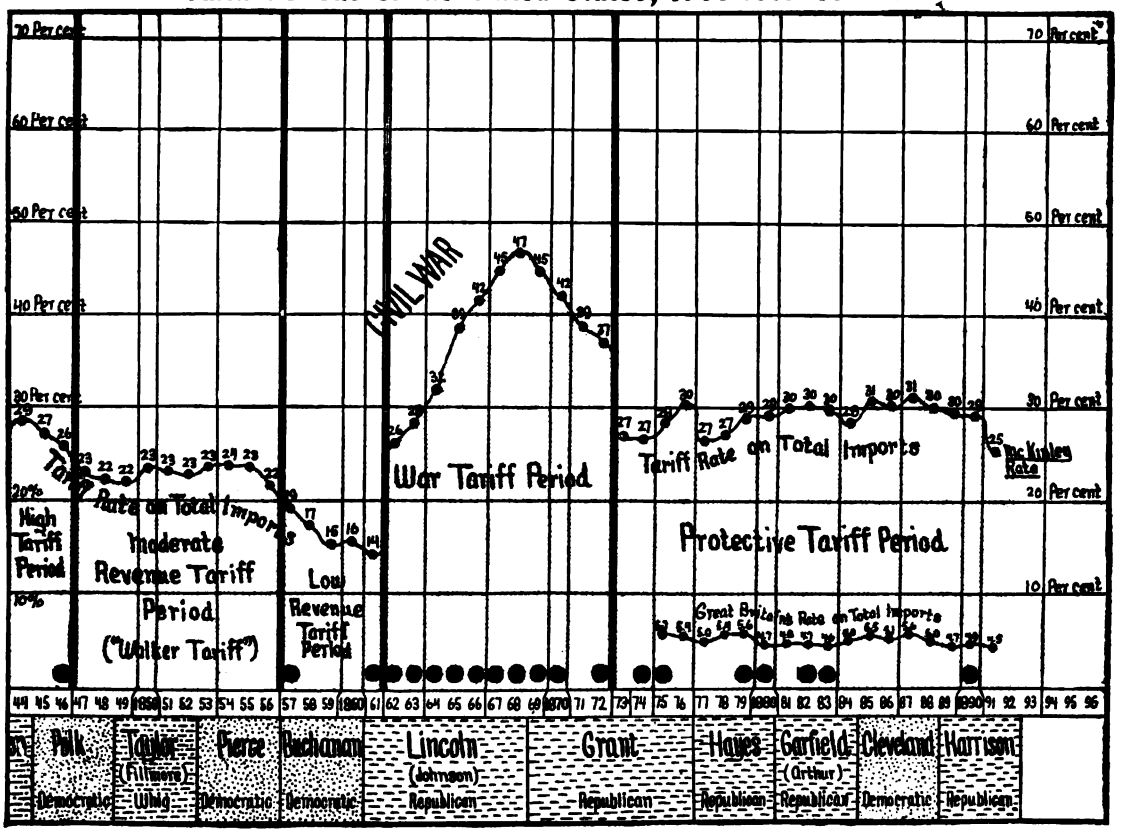
In Madison's second administration, during the years 1813–1815. The full period of protection to home industry, preceding the war of 1812–15, is not shown above, for the reason that the protection was due only in part to the tariff.

As early as 1806, Congress passed a law prohibiting the importation of certain English products. This was the extreme of protection for the home production of those particular articles. In 1809 an act was passed forbidding all business intercourse with either England or France, thus providing greater protection to home industry than any tariff.

25. Was the "Calhoun Tariff" of 1816 high or low?

Whether Calhoun's "cotton tariff," enacted in 1816 and in force for several years, was a high

Tariff Periods of the United States, 1789-1891 (continued)



or low tariff has been recently much discussed. Every reader can here compare it with that of any or all other periods, and see for himself its actual place among low and high tariffs.

26. What was Clay's "American System?"

The success of the Erie Canal ("Clinton's Big Ditch"), as a measure for facilitating internal commerce, led to other experiments of the same nature, and roused a sentiment in favor of large national expenditure for the improvement of roads, rivers and harbors, and other enterprises which would aid in subduing the country and utilizing its natural advantages for the general benefit of the people at large. It was proposed to raise the funds for such improvements by means of a high tariff. The system was warmly advocated by Clay, and as carried out in the high protective tariff period from 1821 to 1833, came to be known as the "American System."

27. Why is the Act of 1833 styled "Clay's Compromise?"

The general sentiment of the Northern States was in favor of a tariff imposing high rates of duty on all leading articles of manufacture, to encourage their production in the United States, and to maintain the industries already organized under the preceding high rates. The South was not a manufacturing section, and claimed that the manufactured articles which they must buy of the North cost them more because of the high tariff, with no compensating advantages to their section. They, therefore, clamored for a large and immediate reduction of rates. The strife was so intense as to threaten war. Clay proposed, as a compromise measure, a gradual reduction covering a series of years, which was finally adopted.

28. Was the "High Tariff" period of 1844-46 protective?

The tariff law of 1842* was designed solely to increase the revenues of the government, which were at that time less than expenses. The act of 1842 did not become practically operative until 1844, as is seen by the tariff rate line at the top of the color.

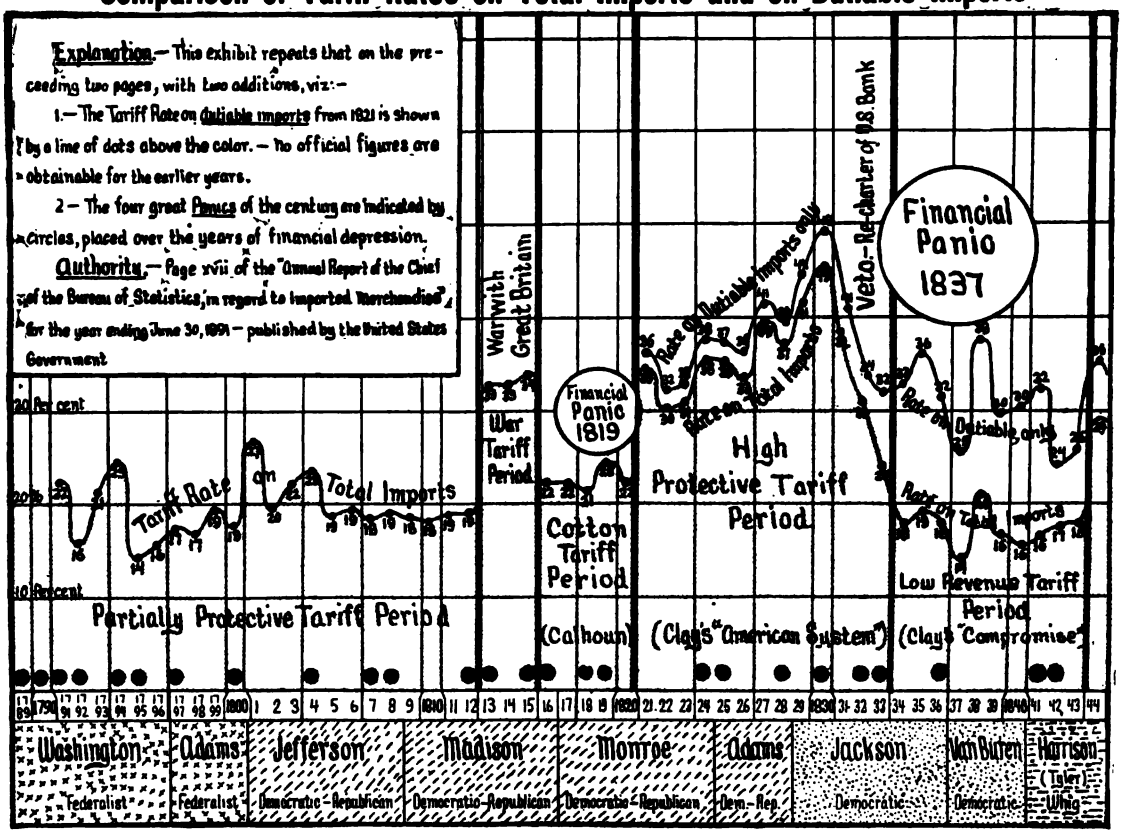
The rates of the high tariff period of 1844-46 therefore were not designed to be protective and whatever protection they afforded was purely incidental.

29. What characterized the "Walker Tariff" of 1847-1856?

It is easy to see by the chart that the "Walker Tariff" reduced the medium rates of the tariff of 1842-46; but its chief characteristic was that it sought to exclude all forms of protection.

*Congress had early in 1842 passed a bill providing for extending the "compromise" rates of 1833 which were to continue only to 1842, after which date the rates were to be reduced, and all protection to cease. This bill was vetoed by President Tyler.

Comparison of Tariff Rates on Total Imports and on Dutiable Imports



GRAPHIC STUDIES, Nos. 6-7.

Explanation.—Three distinctive features are added here to those of GRAPHIC STUDIES 2-5 (pp. 14-17): (1) the Rate on Dutiable Imports from 1821, the earliest date for which official figures can be obtained; (2) a record of the more important Financial Panics; (3) Great Britain's Tariff Rates on Dutiable Imports for sixteen years from 1876 to 1891.

QUERIES ANSWERED.

30. How does the English average rate compare with that on dutiable imports?

The chart of the "Tariff Rates on Great Britain" occurring on page 13, and repeated for comparison at the right of this exhibit, shows that the English rate on dutiable imports is more than twelve times as high as the average English rate on total importations.

31. How does the American average rate compare with that on dutiable imports?

The course of the dotted line above the upper edge of the color, and separated from it, shows that since 1821 the rates collected on dutiable imports range but a little higher than on total imports, except in the two periods from 1834 to 1843 and from 1873 to 1891.

32. Does the rate on dutiable imports alone show whether, on the whole, a tariff is high or low?

Not at all. If at any time, half of the dutiable imports be made free, and the other half remain at the old rate, the rate on the remaining dutiable imports would still be as high as before, but the average rate on total imports would be reduced.

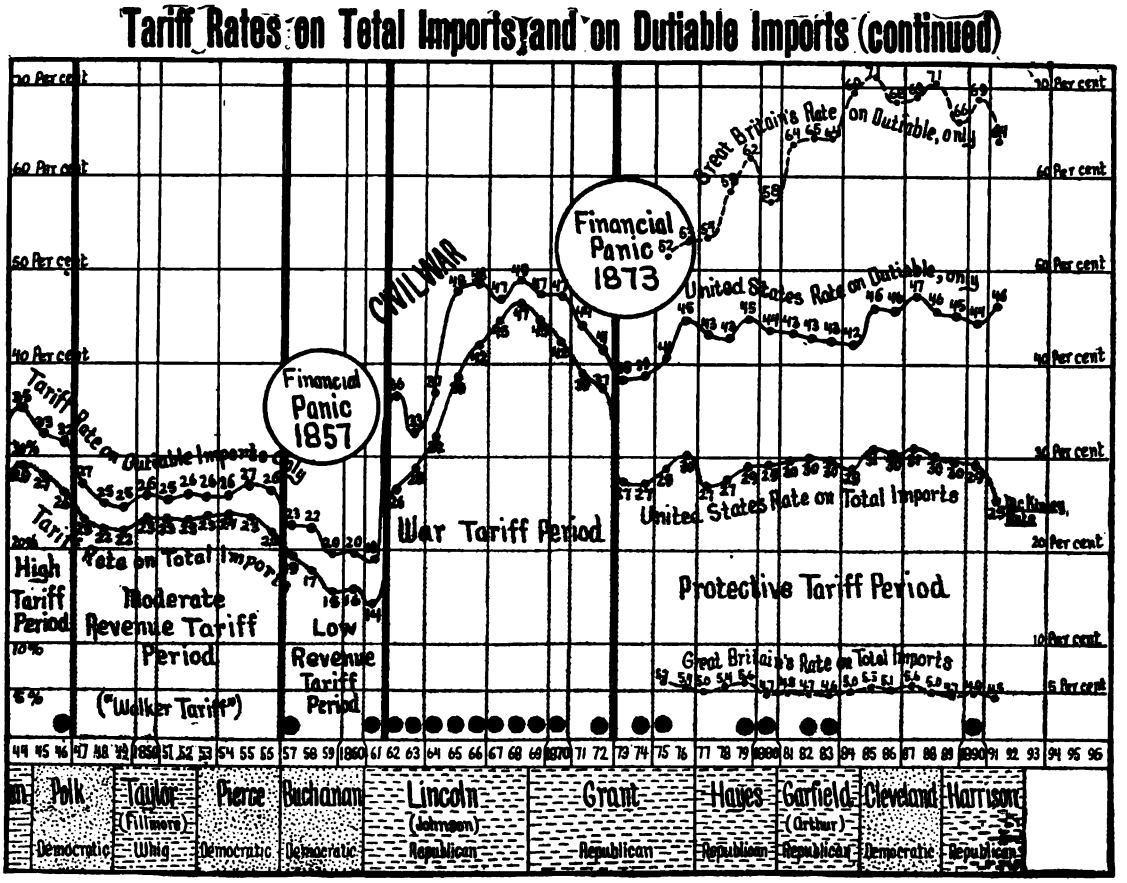
If the Rate on Dutiable Imports is the true measure of a country's tariff policy, then Great Britain imposes a much higher tariff than the United States. The above GRAPHIC STUDY (page 19) shows that the English Rate on Dutiable Imports (70 per cent.) is more than one-half greater than that of the United States (45 per cent.).

33. When have the great Financial Panics occurred?

All American historians and economists, of whatever party, agree as to the fact that this country has suffered four periods of extreme prostration of business. All are not agreed as to the cause of the panics. These four great panics. are plainly marked on the diagram by four circles. All panics include a period of growing depression due to the unfavorable condition of business, and a period of recovery, covering a greater or less number of years, before business is again fully established under the new conditions. Hence, the circles on the diagram are varied in size to cover approximately the years of financial depression involved in the respective panics.

34. What is the connection between financial panics and low tariff periods?

It is a striking fact, however it may be ac-



counted for, that these four panics, universally recognized as the great financial disturbances of the century, each followed soon after great reductions in the tariff rate. The fact is readily determined by any one with the above STUDIES before him.

35. Under what circumstances did the panic of 1819 occur?

The war with Great Britain (1812–1815) continued an extreme protection as to England (See QUERY 24), and the increased tariff rate of that war period provided protection as to other countries. During these nine years, home industries were greatly stimulated. The close of the war and the reduction of the tariff removed the protection, and there followed one of the most disastrous panics which the country has suffered.

36. Under what circumstances did the panic of 1837 occur?

The panic of 1837, as is plain from the opposite STUDY (page 18), ensued upon the reduction of the tariff beginning with 1830. Whether, as some economists claim, it was the result simply of the reduction of the tariff, or, according to others, the result of "wild cat" banking, it may be traced in either case to the same legislative policy. The party in power, which, under Jackson's administration, reduced the tariff, also destroyed the United States bank in 1832, as noted on the chart, and thereby directly opened the way to the establishment of the "wild cat" banks.

37. Under what circumstances did the panics of 1857 and 1873 occur?

A strictly revenue tariff prevailed from 1847 to 1856, and that at a low rate. A further sharp reduction in 1857 was immediately followed by the culmination of the panic of that period.

The panic of 1873, following another pronounced reduction of the tariff, for the fourth time repeats the remarkable coincidence.

38. Have economic conditions been more favorable under high tariff or low tariff?

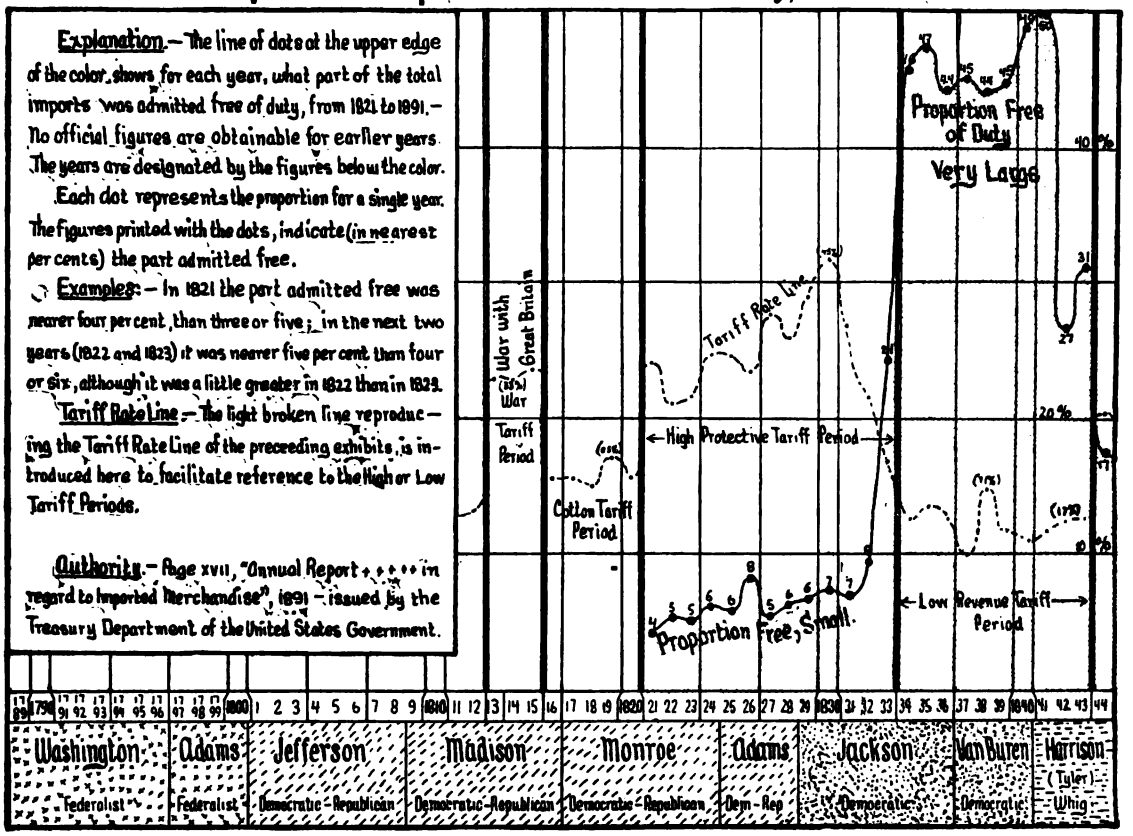
All men agree that panics follow unfavorable economic conditions.

The reader will draw his own conclusions as to whether these four remarkable coincidences between tariff reduction and panics indicate a relation between them of cause and effect. It may assist his conclusion to note the further fact that no panic has yet followed upon a decided increase of tariff rates.

39. What political party was in power during the several panics?

By looking at the foot of the chart it is seen that different political parties were dominant in different panic periods—the Republican in 1873, the Democratic in 1857 and 1837, and the Democratic-Republican party in 1819.

Proportion of Imports Admitted free of Duty, 1821-1891



GRAPHIC STUDIES, NOS. 8–9.

Explanation.—The above STUDIES answer the question, what part of the total import of the United States has been admitted free of duty?

The Government records provide no figures by which the inquiry can be carried farther back than 1821. The color designates here, not the tariff rates as in the previous Studies, but the amount of non-dutiable imports in comparison with the total imports. The fine broken line running across the chart reproduces the average tariff-rate shown in STUDIES 2–7, and enables the reader to compare the variations of the tariff-rate with the varying proportion of free imports here shown by the irregular upper edge of the color. The special importance of this comparison will appear in the answers to the following queries.

QUERIES ANSWERED.

40. When were non-dutiable imports smallest?

Each half century has had a period of very high tariff as marked by the tariff-rate line above (also in STUDIES 2–7), that of 1821–1833, a peace tariff and that of 1862–1872 a war tariff. By following the line at the upper edge of the color in the above exhibits and comparing it with the tariff-rate (broken line), it is seen that during these two periods of highest tariff the proportion of merchandise admitted free was very small. Almost everything admitted to our markets from foreign countries was, during those periods, compelled to pay duty. At the same time the tariff-rate line shows that the average rate of duty was the highest in our history.

41. When were non-dutiable imports largest?

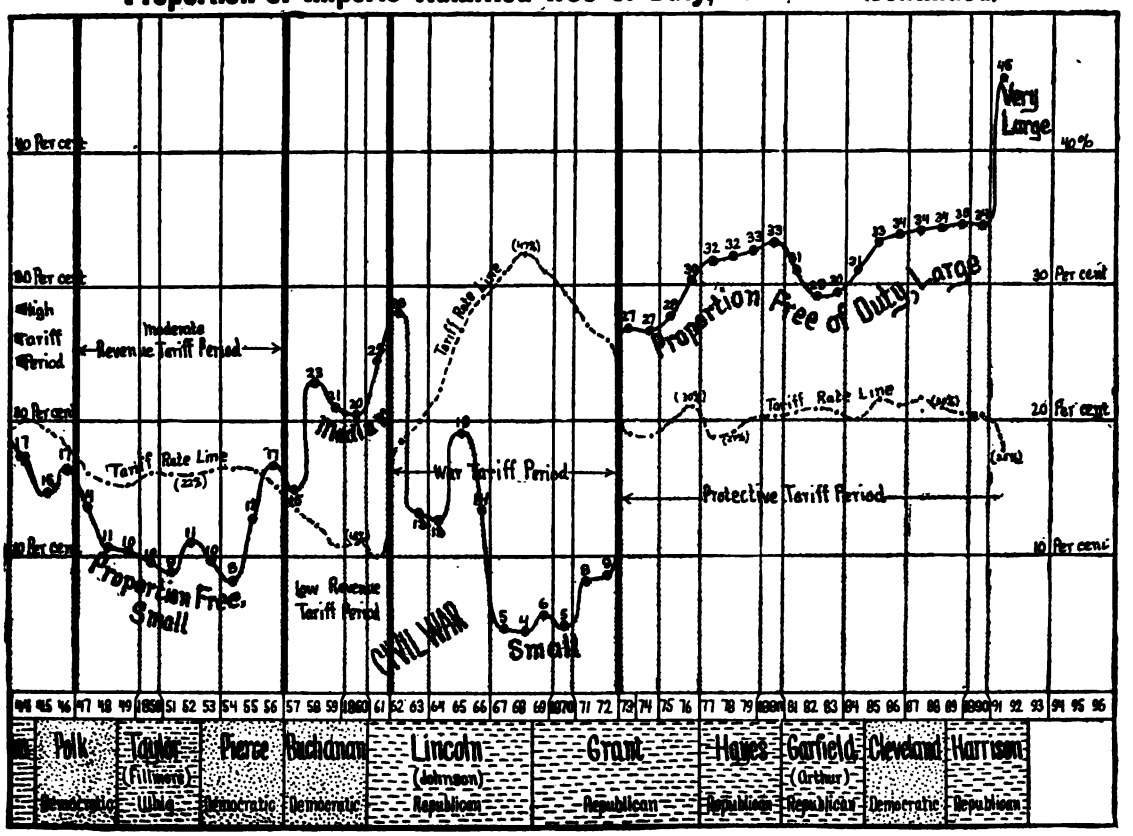
In the "Low Revenue Tariff Period" from 1834 to 1843, the proportion of imports admitted free was very large, and in 1841 as shown above, the free list was one-half (50 per cent.) of the total imports. The tariff act of 1837 placed over one hundred articles on the free list which were dutiable before.

42. What change of tariff-policy followed the "Low Revenue Tariff" of 1834–1843?

The sudden reduction of the proportion of merchandise admitted free at the close of this revenue tariff period indicates a marked change in the tariff-policy of the country. The free list was evidently greatly reduced in 1842 and in 1844. The ensuing period of moderately high tariff covered only four years (1844–1846) at the close of which the proportion admitted free shows a still further reduction, as the "Moderate Revenue Tariff Period" is entered. At the same time the tariff-rate line shows a reduction of rate. It is plain then, that the reduction of the average rate between 1845 and 1847 was not caused by an increase of the free list as in 1832.

This emphasises the fact that a low tariff-rate is not in any sense an indication of a large free list.

Proportion of Imports Admitted free of Duty, 1821-1891 (continued)



43. What produced the reduction of rate in 1847–1855? in 1857–1861?

But little was admitted free and yet the average rate was low in 1847–1855. This shows that duties were collected on almost all articles imported, but at a very low rate; in other words there was a general reduction of rates on the articles paying duty.

It is made very clear by the chart that in the Low Revenue Tariff Period of 1857–1861, the free list was greatly increased. The Act of 1857 enumerates over forty articles as free which were not so enumerated in the Act of 1846.

44. What produced the high average rate of the "War Tariff Period," 1862–1872?

The war tariff not only increased the rates generally, but also took many articles from the free list. This fact is plainly marked on the chart, as the years from 1867 to 1872 show as small an average proportion of imports free of duty as at any time since 1820.

45. What has produced the reduction of tariff-rate since 1872?

The most important feature of the above Graphic Study is that presented by the free-list since 1872. The Act of 1872 tripled the proportion admitted free at a single bound, and with the exception of four years, 1881–1884, the proportion increased slowly until 1891. Then under the McKinley Act it took another upward jump, carrying the free-list nearly to the point of the highest average in our history, *viz*:—that of the first "Low Revenue Tariff Period," 1834–1843 (see Query 41).

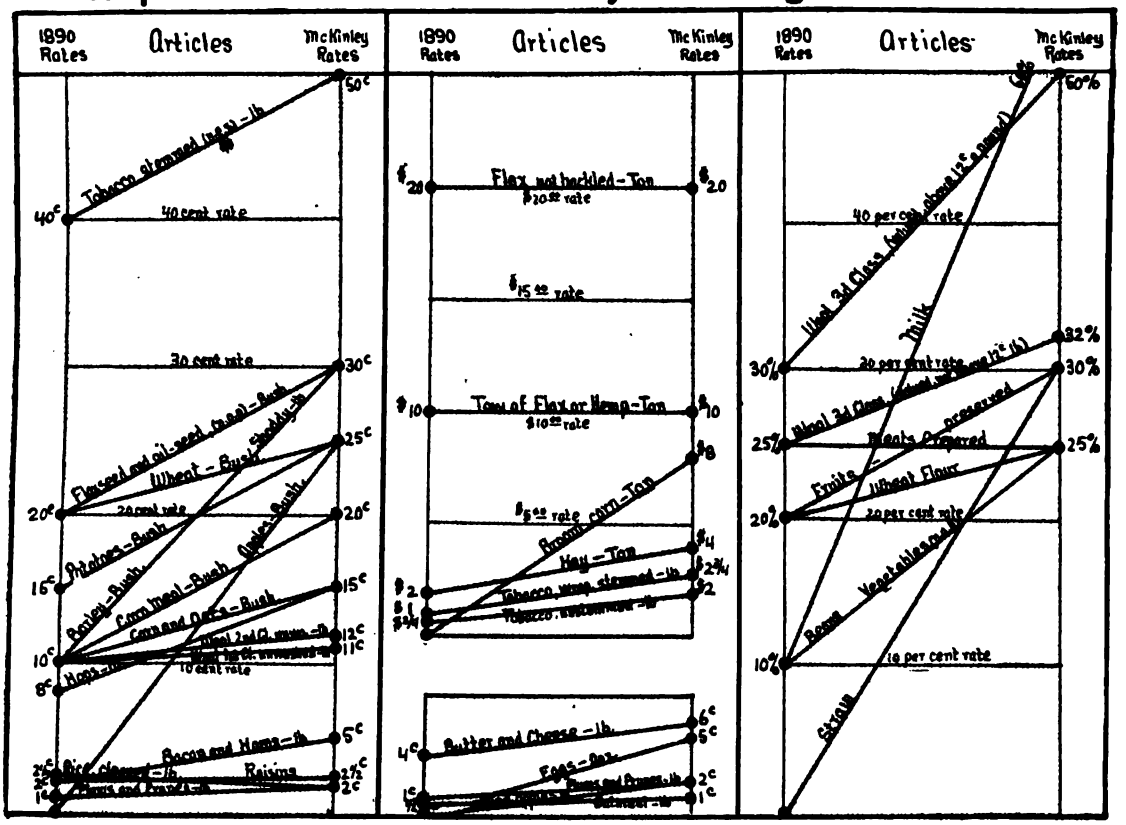
The proportion free in 1891 only partly indicates the result of the McKinley Act. The reports since June 30, 1891 (the close of the fiscal year 1891), indicate a considerably increased proportion of free imports for the year ending June 30, 1892—probably as great a proportion as in 1841 (fifty per cent).

46. How has the free list since 1872 differed from that of all former periods?

The only large proportion of free imports before the Civil War were under a very low tariff, affording little or no protection. Since 1872 a large free list has been maintained under a much higher tariff. Thus the higher tariff on dutiable imports has not prevented a large proportion of the free importation desired by free traders, and at the same time duties have been so adjusted as to give more of the protection to industries desired by protectionists. The notable increase of free importations is marked in the above STUDY by the long upward sweep of the connecting line in passing from the 1890 dot to the 1891 dot.

This last remarkable increase in the proportion admitted free, is almost wholly due to putting sugar on the free list. Perhaps no single change in the tariff laws ever before reduced the daily expenses of every family in the whole country so clearly as this.

Comparison of 1890 Rates and McKinley Rates on Agricultural Products



GRAPHIC STUDY NO. 10.

Explanation.—As in all the other exhibits, a dot placed higher than another represents a greater quantity or a higher rate per cent. At the left edge of the three color columns, the dot and accompanying figures represent the legal rate of duty, on the various articles named, before the McKinley law took effect in 1890; at the right edge of the color are represented, in the same way, the new rates on the several articles under the McKinley law.* Hence a line slanting upward from a left hand dot to a right hand dot, shows that the McKinley rate on the article named is higher than the former rate; and, *vice versa*, a line slanting downward shows a lower rate. In the case of products such as wool, having several grades, the one named represents the larger part of the product.

ABBREVIATIONS.—Most of the abbreviations used are self-explaining; "N. E. S." stands for "not elsewhere specified," and "N. O. P." for "not otherwise provided for."

QUERIES ANSWERED.

47. Has the McKinley Tariff increased the protection on articles produced by the farmer?

The list of articles mentioned in the above exhibit includes the more important agricultural products named in the tariff laws. The general upward slant of the lines from the left (rates before the McKinley Act), to the right (rates under the McKinley Act), shows a general increase of protection to agricultural products.

48. What was the duty on wool before and after the McKinley Act?

Near the foot of the first column above, it is seen that on wool of the first and second classes, the duty was increased from ten cents per pound to eleven cents and twelve cents, respectively. In the third column the duty on wool of the third class, worth above twelve cents per pound, was increased from 30 to 50 per cent., and on wool of the same class worth not above 12 cents per pound, from 25 to 32 per cent.

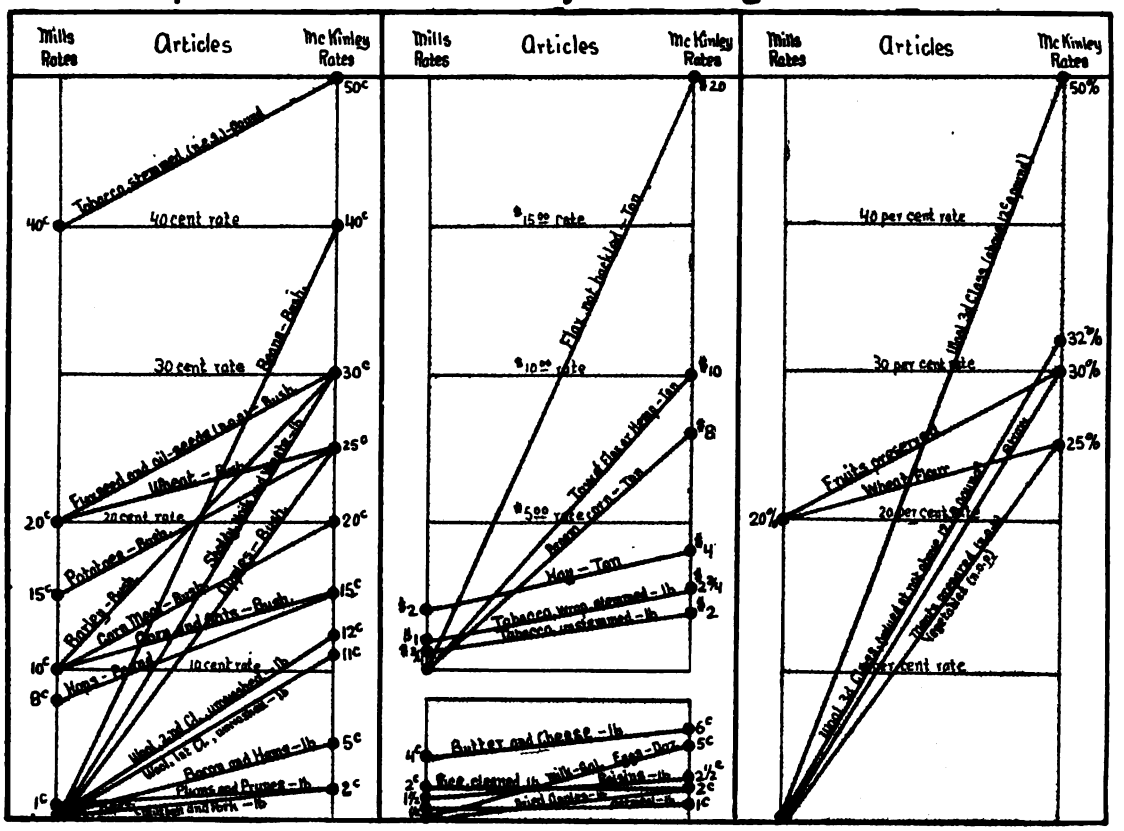
49. What was the duty on Barley before and after the McKinley Act?

Next to wool the most important article on the above list is barley, which is imported in the next largest quantity. In the first column, it is seen that the rate on barley was increased from 10c. per bushel to 30c. per bushel.

The changes in rates of other products are as readily determined, and while greater in some cases, and less in others, yet in almost every instance a marked increase in shown.

* AUTHORITY.—All rates expressed in the same terms in the two laws, are taken from "The Tariffs of 1883 and 1890," published by the Treasury Department of the United States. The rates which in one law were specific, that is specified in dollars or cents, and in the other law were *ad valorem* (Queries 4-5, page 12) that is, a certain rate per cent. of the value, are given here in the rates per cent. (*ad valorem*) according to a carefully compiled document published by the "Tariff Reform Club" entitled "Comparison of the Tariff of 1883, The Tariff as left by the Mills Bill and the McKinley Tariff of 1890."

Comparison of Mills and McKinley Rates on Agricultural Products



GRAPHIC STUDY, NO. 11.

Explanation.—The explanation on the preceding page applies in all particulars to this exhibit except that here the rates proposed by the "Mills Bill," passed by the Democratic majority of the House of Representatives in 1888 (but not by the Senate) are compared in the same way with the rates under the McKinley Act of 1890. The chief points of difference between the above exhibit and that on the preceding page, appear in the location of the dots on the left of the color column. A few articles compared under percentage rates (*ad valorem*) in the preceding exhibit are here compared under specific rates. The lower division of the second column is provided to prevent extreme crowding of the foot of the color column at its left. It simply contains a part of the articles which would otherwise appear in the first column.

AUTHORITY.—Same as for STUDY NO. 10, page 22.

QUERIES ANSWERED.

50. What are some of the Articles made free of duty by the Mills Bill?

It will be noticed that this exhibit has many more lines starting from the extreme foot of the several color columns than the exhibit on the opposite page. This means that the Mills bill provided that the articles so represented—Wool of all grades, Flax, Hemp, Bacon and Hams, Beef, Mutton, Pork and Prepared Meats, Vegetables (n. o. p.), Apples, Milk, etc.—should be imported free.

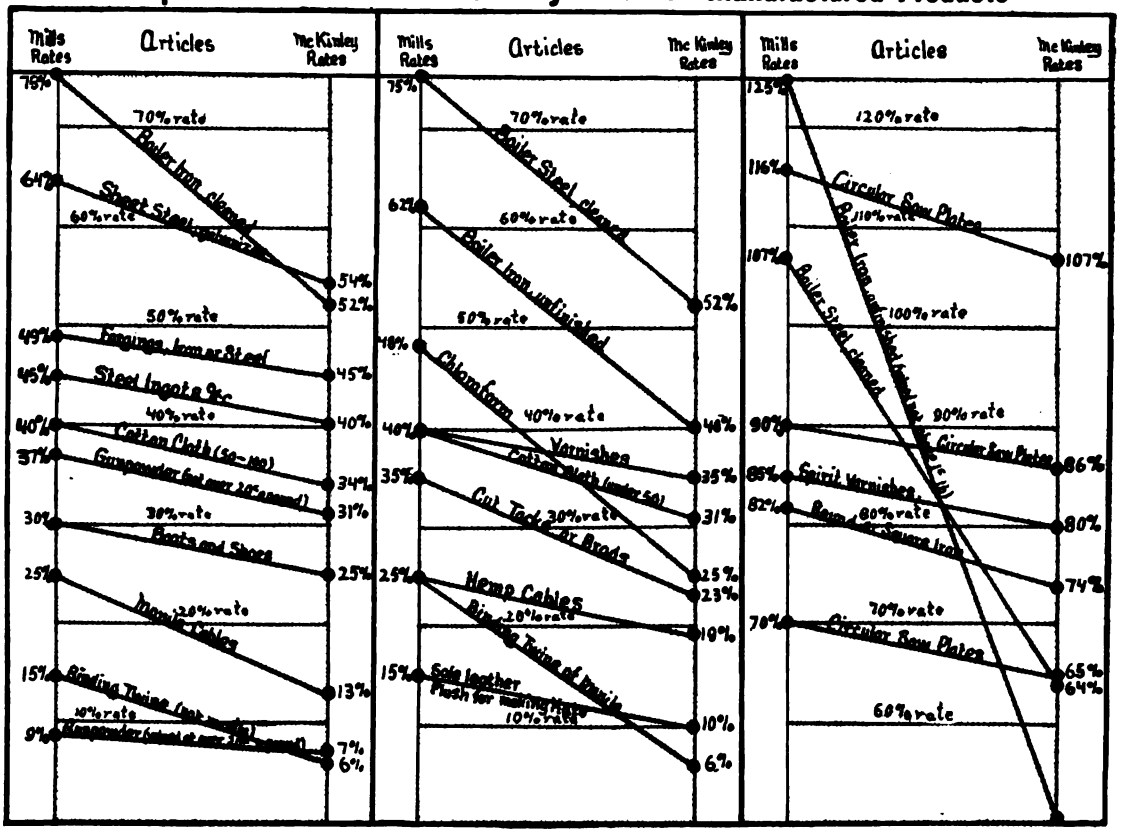
51. Was less protection given to the farmer by the Mills Bill than under former rates?

A comparison of the rates of those articles not made free by the Mills Bill, with the former rates, given on page 20, will show that in most cases the former rates were left unchanged. The Mills Bill, therefore, shows no trace of increased protection to agricultural labor in any product, although "the oppressed farmer" was a common phrase in the mouths of advocates of this measure. At the same time it provided for withdrawing a large share of the slight protection previously given to farmers on agricultural products.

52. What is the importance of the protection to Agricultural Products which the Mills Bill proposed to remove?

In the fiscal year preceding the passage of the McKinley law, there were imported (according to the Treasury Department "Report in regard to Imported Merchandise," 1890, page 2 and following), over fifteen million dozens of eggs, valued at over two million dollars; of potatoes over three million bushels; of tobacco 12,579,813 pounds, valued at over twelve million dollars; of barley over eleven million bushels, valued at over five million dollars; and of wool, to the value of over sixteen million dollars.

Comparison of Mills and McKinley Rates on Manufactured Products



GRAPHIC STUDY NO. 12.

Explanation.—The plan of this exhibit is the same as that of STUDY Nos. 10–11, pages 22 and 23. The authorities are the same as for STUDY No. 10, page 22.

53. Does the manufacturer receive more protection under the McKinley Law than was provided by the Mills Bill?

That the Mills Bill provided for a large increase in the free list of manufactured products, as well as of agricultural products, is so generally known as hardly to call for mention here. It is also equally well known that the Mills rates on manufactured products not made free, were in general lower than the McKinley rates. The exhibit above will therefore be a surprise to many, as it shows that on each of the articles mentioned, representing some of the largest industries of the country, the Mills rates are much higher than the McKinley rates. The lines slanting from the left (Mills rates) to the right (McKinley rates) show a marked reduction of duties in going from the Mills rates or so-called "Tariff Reform" policy, to the McKinley rates or supposed "High Protection" policy. If Free Traders condemn the McKinley Law for its high tariff rates, what must be their judgment of these features of the Mills Bill? The articles selected are only a sample of a large number illustrating the same facts.

54. Was the "Mills Bill" consistent with itself as a Tariff Reform measure?

This exhibit is not meant to prove that the Mills Bill was a high protective measure, as a whole. It shows only that in many items it proposed rates much more intensely protective than those on the same articles in the McKinley bill. The Mills Bill thus, in many important features, plainly contradicted the free trade doctrines of its advocates and followed no theory consistently. Thousands of men at the West and South, who talked for it and believed in it as a Tariff-Reform or Anti-Protection measure, would undoubtedly have been amazed to know that in many of its items it so strongly protected the great iron manufactures, cotton manufactures and boot and shoe manufactures of the East. If these features be "tariff reform," then it is a kind of reform more likely to suit an ardent protectionist, than a genuine free trader. It will be remembered that this comparison of rates is made wholly from figures furnished by a "Tariff Reform" publication. (See foot note page 22).

55. How did the Mills Bill deal with the Woolen industry?

It is also to be noted that none of the above mentioned inconsistencies appear in connection with the wool industry either as touching the producer of the wool, or the producer of woolen goods. In the wool schedule the Mills Bill was consistent with the free trade theory.

Wages and the Tariff.

ECONOMICS is defined as the science of the management of pecuniary affairs. If the management is unwise, it fails, and its promoters usually discover in its failure the fallacy of their plan. Such a plan is an economic fallacy.

An Economic Fallacy.–A remarkable example of such a failure is that of the Southern Confederacy. Mr. Henry Watterson in a recent article calls it "the dream of a most attractive economic fallacy." To show that such a fallacy may originate in a clear, logical mind it is fitting to quote Mr Watterson's words. He says:—

"It is true there never appeared in the public life of America a mind more mathematical and logical and less fanciful than that of Mr. Calhoun. But after all Mr. Calhoun was a dreamer, and his dreams were none the less Utopian because they were clad in language terse, cold, and exact."

Calhoun's Patriotism.—To show that the fallacy did not come of disloyalty, Mr. Watterson says: "Of Mr. Calhoun's sincerity there can be no more doubt than of his power. He loved his country. He was a friend, not an enemy to the Union. But he could not see beyond the confines of his horizon, bounded on every side by slavery and cotton; and his plan for preserving both the integrity of the Union, and the sectional autonomy of the South in the Union was misleading and futile, and out of it grew the lines in which the Southern Confederacy was laid."

In discussing the nature of the fallacy of Mr. Calhoun's plan and the short sight of those who attempted to adapt it to the organization of a civil government, Mr. Watterson says that "the law of force against force was a sealed book."

Forces Ignored.—To show that he did not use this expression as a mere idle phrase or as a play upon words, he says that none of the leaders "had looked the situation squarely in the face. They had not measured the resources of the North or taken stock of the possible strength and unity of Northern sentiment and opinion. When it came to the pinch, they argued, the North would not fight."

"They did not consider that the North, not the South, had the world to draw upon; that a blockade was inevitable; and above all, that the institution of African slavery, which was opposed by the whole drift and tenor of modern civilizations, offered an insuperable bar to foreign intervention on behalf of the South."

The forces outside the Southern states were not taken into account. "The law of force against fact was a sealed book" to those who had the conduct of affairs. Slavery and cotton were great elements of wealth, therefore they assumed that the money to organize and carry on the government would be forthcoming. They did not consider the power of the North to shut the gates of commerce against cotton, nor the force of universal sentiment against slavery to close the gates of sympathy.

Another Economic Fallacy.—Mr. Cobden had a clear, logical mind. His plan for the management of pecuniary affairs is stated in language "terse, cold, and exact." That plan has been tried several times in this country and each time its fallacy clearly proven. The wage-earners of to-day have nearly all of them been born since the last free trade, or "revenue tariff" experiment. They do not know by personal experience the pinch of hunger or the lack of comfort of the Low Tariff conditions.

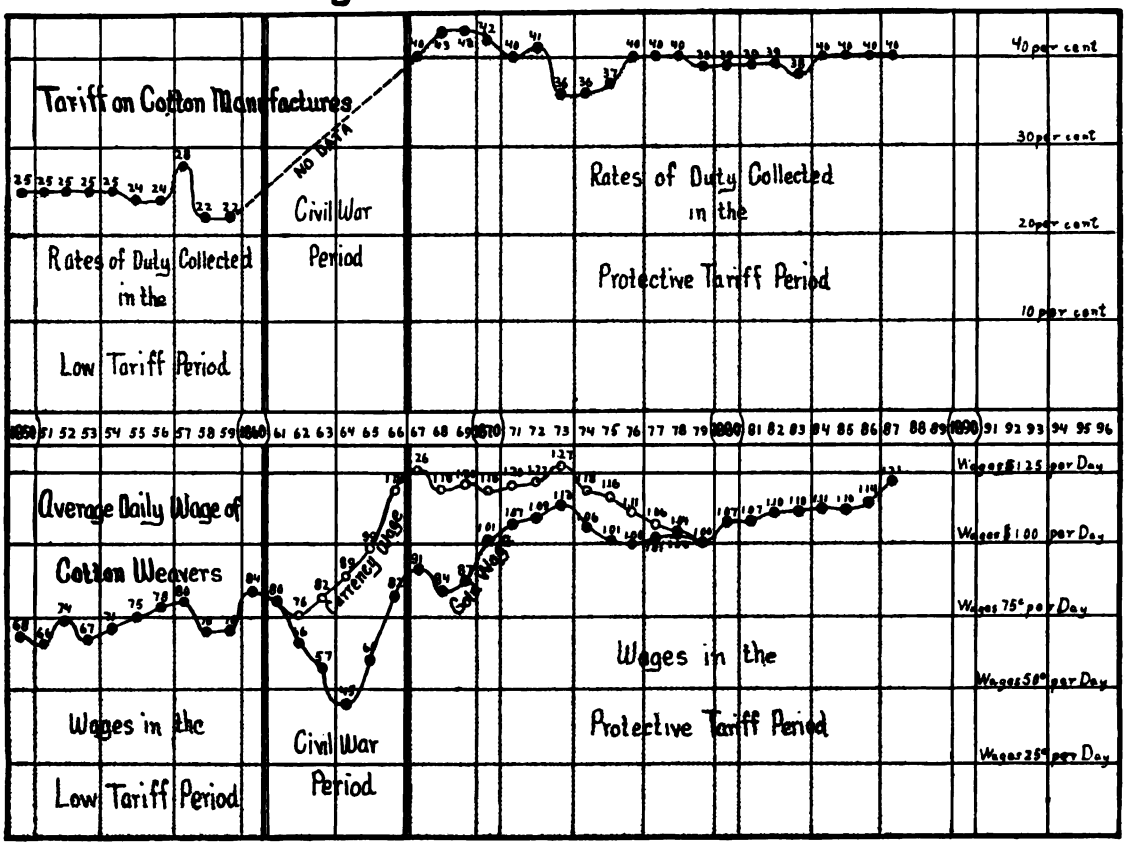
Mr. Cobden's followers are, many of them, men of logical, mathematical minds. They are not unpatriotic. There are economic forces which they fail to recognize, and their fallacy would again bring the same wretched conditions to wage-earners in this country that they have always heretofore brought.

The Issue between Free Trade and Protection.—The free-trader and protectionist both recognize a force in a customs tariff operating to raise prices. The free-trader holds that this force operates in absolutely all cases. The protectionist holds that the price force or tendency of the tariff to raise prices may be largely, and in some cases wholly, overcome by the force of home competition, which always tends to lower prices. At the same time, he claims that the proper selection of articles to be placed on the dutiable list sets in operation certain industrial forces in this country which are very advantageous to the wage-earner, both in furnishing him employment and in raising the value of his wages.

Favorable Industrial Forces.—The GRAPHIC STUDIES following, abundantly prove that wages, under the protective tariff, will buy much more of food, clothing, and other necessaries. They also present a very full comparison of wages in this country, with wages in the principal European countries.

The reader is not compelled to believe that the protective tariff has brought the better conditions, and greater prosperity. He cannot, however, fail to see that they did not exist under the Revenue Tariff, and that they do exist under the Protective Tariff.

Wages of Cotton Workers and the Tariff



GRAPHIC STUDIES, Nos. 13-14.

Explanation.—The four exhibits in view on pages 26 and 27 form connected STUDIES. The line of dots at the upper edge of the color in the several diagrams mark the annual changes in tariff-rates, wages, prices and purchasing power of a day's wage, respectively, as indicated by the titles printed across the color. The figures printed just below the color of the upper charts, designate the years for both the upper and the lower charts. The Civil War Period (1861-1866) is uncolored, as all values were so unsettled during that period that comparisons would be misleading.

In the upper chart on page 27, the "Gold-wage" line of the previous exhibit is reproduced by a faint dotted line. During the Low Tariff Period the "Price" line and "Wage" line run closely together. They separate widely during the Civil War Period, marking the era of large profits to manufacturers; as they approach again, they show the close of this era in 1870, when the real "squeeze" began. The increase of wages and decrease of prices since 1873 mark the steady reduction of profits. Were it not for improved machinery, manufacturers must long ago have reduced wages or closed their factories.

QUERIES ANSWERED.

56. Has the wage of the cotton worker increased during the Protective Tariff Period?

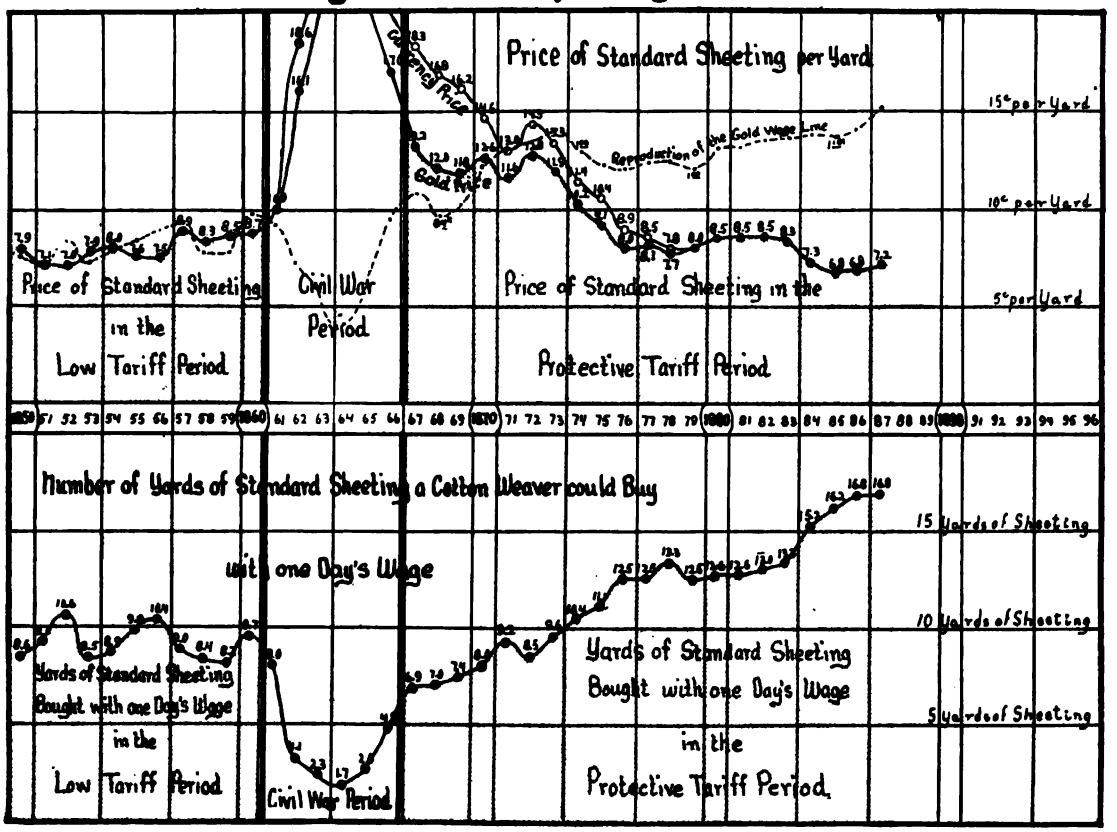
The day's wage of the cotton weaver is taken as representative of cotton workers. The lower left-hand exhibit (page 26) shows that from 1850 to 1860 his average earnings were not far from 75c. per day, being some years a little less, some a little more. The line of open dots above the color, marking the currency wage from 1861 to 1878, shows a rapid increase during the Civil War Period, reaching $1.26 in 1867 and then decreasing temporarily, but in 1873 it touched $1.27, and then gradually decreased to $1 in 1879. Since this date United States notes have been worth their face value in gold, and hence the difference between the currency wage and gold wage disappears. The gold wage, marked by the line of dots and accompanying figures at the upper edge of the color, shows a different range.

The average for eleven years of the Low Tariff Period (1850-1860) was about 75 cents, as can be seen by comparing the rates given for each year in the exhibit above. For the entire twenty-one years of the Protective Tariff Period above noted (1867-1887), the average wage falls

AUTHORITIES.—The rates of duty, 1850-1860 and 1867-1873, are obtained from special data compiled by the Bureau of Statistics from the Finance Reports of the U. S. Treasury Department. For the years 1874-1887 they are obtained from data in the "Statistical Abstract of the United States," 1887, pp. 15 and 16. The average daily wage, 1850-1880, was computed from the reports of wages published in Vol. XX. of the Reports of the Tenth Census, pp. 331-365, and for 1881-1887, from special wage reports of manufacturers furnished for these charts.

The Price of Sheetings is taken from the "Statistical Abstract of the United States," 1890, p. 336. The number of yards of sheeting which could be bought with a day's wage is computed directly from the foregoing data as to wages and prices for the several years.

Purchasing Power of a Day's Wage--Cotton Workers



very nearly on the $1 line. This is an increase of about 25c. a day, or a wage about one-third higher than in the Low Tariff Period.

Since 1880, however, the average has been more nearly $1.10, an advance of nearly one-half.

57. What has been the price of the cotton-worker's product during the two periods?

Taking standard sheetings as representative of the product of the cotton-worker (see also prices of standard prints, page 42), the upper right-hand exhibit (page 27) shows that in 1860 the price was $8\frac{7}{10}$ cents, and at the close of the Civil War Period (1867) had risen to $13\frac{9}{10}$ cents, an increase of a little more than fifty per cent. The upper left-hand exhibit (page 26) shows that between the same dates the rate of duty was advanced from 22 per cent. to 40 per cent.,—making an advance of over eighty per cent. in the duty. It is most important to note that although this high rate of duty was maintained with little change up to 1887 and until reduced by the McKinley Act (see STUDY 12, page 24), the price of the manufactured product in this country rapidly decreased from $13\frac{9}{10}$ cents in 1867 to $7\frac{9}{10}$ cents in 1887—which is a considerably lower price than prevailed during the previous "Low Tariff Period."

58. What caused the decline in price of cotton goods since 1867?

The Protectionist holds that the high tariff stimulated manufacture, increasing largely the number of manufacturers and the amount of production, and that the resulting sharp competition lowered prices. He holds, morever, that this is the natural and necessary result of a true Protective Tariff consistently carried out.

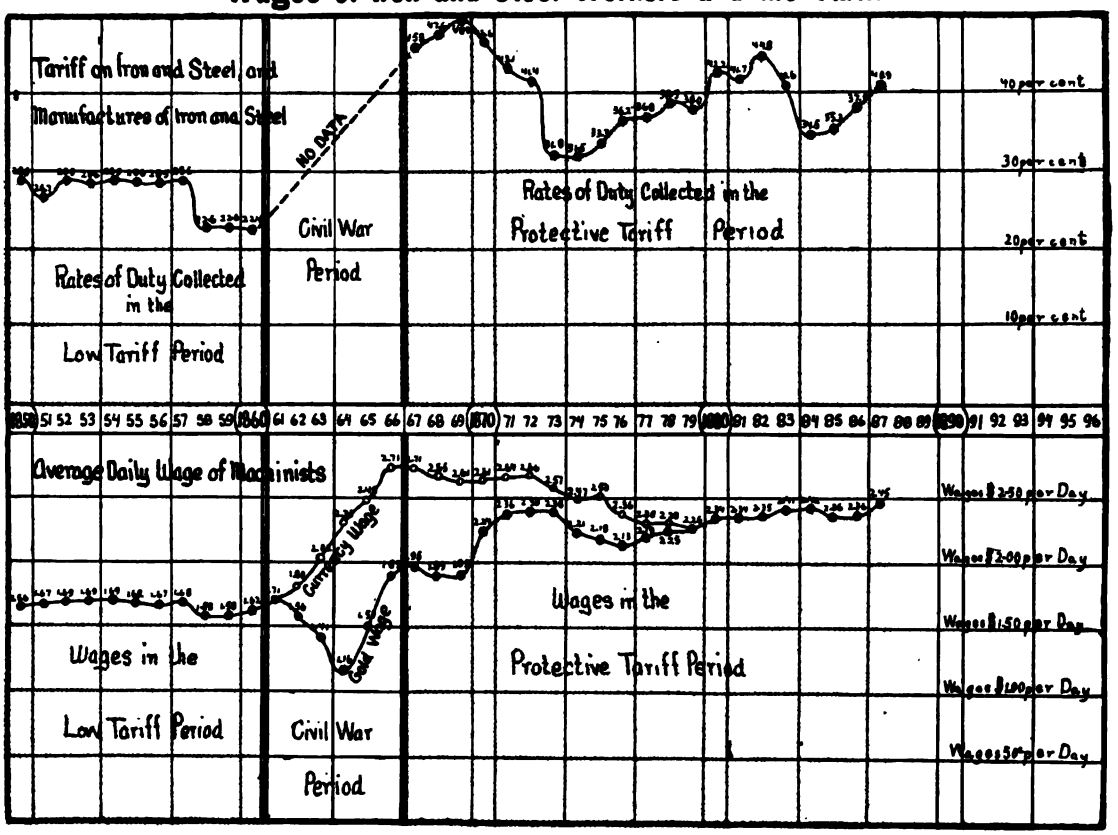
59. Have the cotton-workers benefited by the Protective Tariff?

Protection has largely increased the home product, thereby furnishing employment to a much larger number at larger wages than in the Low Tariff Period. The increased amount paid in wages benefits the cotton-workers of the United States instead of being sent to foreign countries.

60. Does the cotton-worker's wage buy more than in the Low Tariff Period?

The true measure of any wage is found by showing what necessaries it will buy at different dates. Hence, the lower right-hand exhibit (page 27) becomes the most important one of the four connected STUDIES above. The dots and figures at the upper edge of the color in the Low Tariff Period (1850-1860) show that a weaver's daily wage would purchase on the average about nine and a half yards of standard sheeting for use in his family. From 1867 to 1873 his wage would not buy as many yards, but since 1875 its purchasing power has been higher than ever before, and latterly has been nearly double that of the Low Tariff Period.

Wages of Iron and Steel Workers and the Tariff



GRAPHIC STUDIES Nos. 15-16.

Explanation.—The four exhibits in view on pages 28 and 29, form connected STUDIES. The line of dots at the upper edge of the color in the several diagrams, mark the annual changes in tariff-rates, wages, prices and purchasing power of a day's wage, respectively, as indicated by the titles printed across the color. The figures printed just below the color of the upper charts, designate the years for both the upper and the lower charts. The Civil War Period (1861–1866) is uncolored, as all values were so unsettled during that period that comparisons would be misleading.

QUERIES ANSWERED.

61. How has the duty on Iron and Steel products varied in the Low Tariff and Protective Tariff Periods?

The upper chart on page 28, comparing the rates in the Low Tariff Period and the Protective Tariff Period, shows that the increase of duty in the latter was considerable, although not as great as in the case of cotton manufactures. In the case of cotton manufactures the protective tariff rate was nearly double the revenue tariff rate, while in iron and steel it averaged only about one-third higher. It will also be noticed that there has been considerable variation in the protective rate on iron and steel.

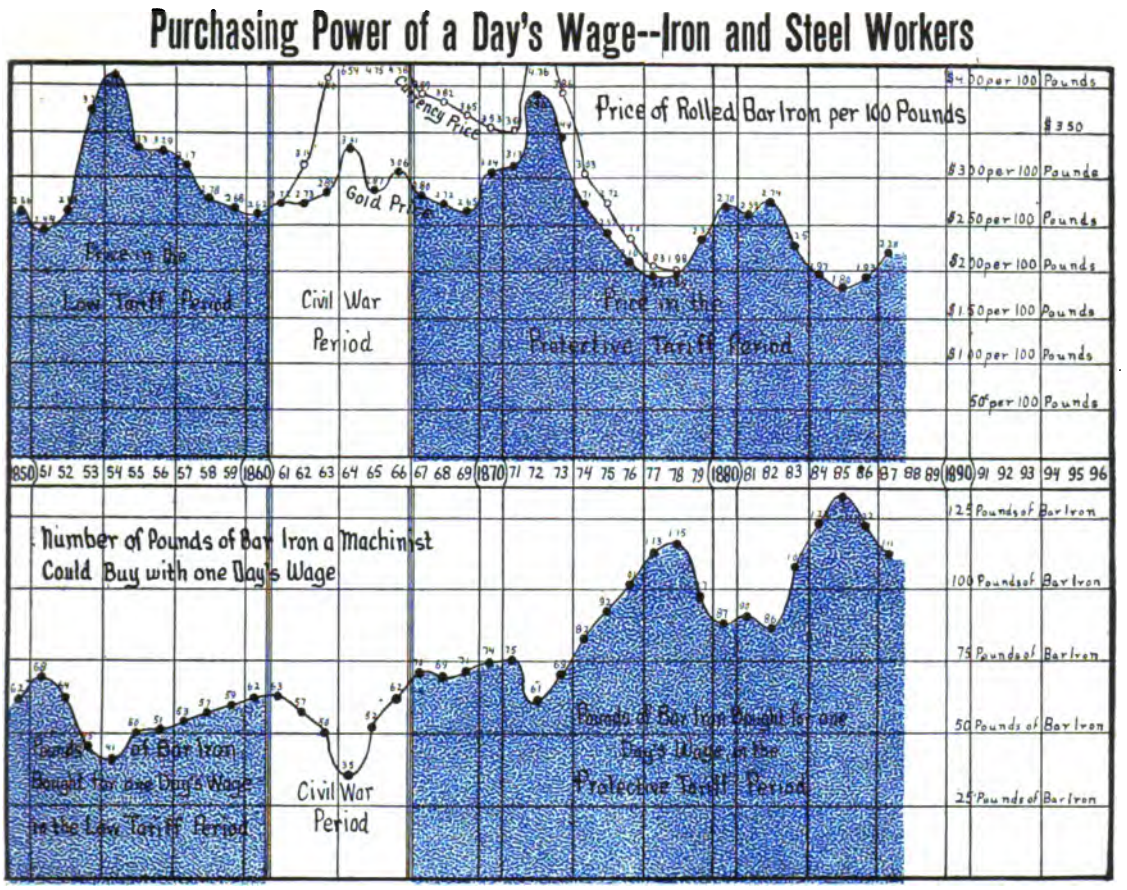
62. Have the wages of Iron and Steel workers increased under the Protective Tariff?

The currency wage line shows a rapid increase during the War Period, but the gold wage line shows an equally rapid decline for three years and then an increase which, at the beginning of the Protective Tariff Period, brought it considerably above the Low Tariff wage. For three years following it remained at about the same point, then rapidly rose to $2.38. This was an advance of about 70c. per day over the average Low Tariff wage, showing an increase of nearly one half. The wage has not varied much since 1882, but shows on the whole a moderate increase.

63. What is the noticeable feature of the Low Tariff wage?

The uniformity of the wage in the iron and steel industry during the eleven years of the Low Tariff Period is specially noticeable when compared with the wages of either cotton-work-

AUTHORITIES.—The rates of duty for 1850–1860 and 1867–1873 are computed from special data compiled by the Bureau of Statistics from files of the Finance Reports; for 1874–1887 they are computed from data in the "Statistical Abstract of the United States," 1887, pp. 15 and 16. The average daily wage for 1850–1880 was computed from the reports of wages published in Vol. XX. of the Reports of the Tenth Census, pp. 154-232; and for 1881–1887 from the wage reports of manufacturers furnished for these charts. The price of Bar Iron is taken from the "Statistical Abstract of the United States," 1889, p. 311. The number of pounds of bar iron which a day's wage would buy, is computed directly from the foregoing wages and prices for the several years.



ers (page 26) or of woolen-workers (page 30), but is paralleled in uniformity by the wage of unskilled labor (page 32) in the same period.

64. Why was Bar Iron selected for the comparison of prices?

The preceding exhibit (page 27) showed the purchasing power of a day's wage as to cotton cloth, representing articles of clothing. This one selects bar iron as a good representative of the material entering into the tools of the workman, the utensils of the household and the building of the home. As the price of bar iron varies, so will vary the price of nails, tools and other implements of common use.

65. How has the price of Iron varied in the Low Tariff and Protective Tariff Periods?

The gold price of iron, as seen by the upper chart on this page was, for the first few years of the Protective Tariff, not higher than under the previous Low Tariff; since 1874 it has been decidedly lower. It is specially noticeable that the highest prices (shown by the highest points of color) since 1874, are scarcely above the lowest prices of the Low Tariff Period, while the lowest prices are very much lower.

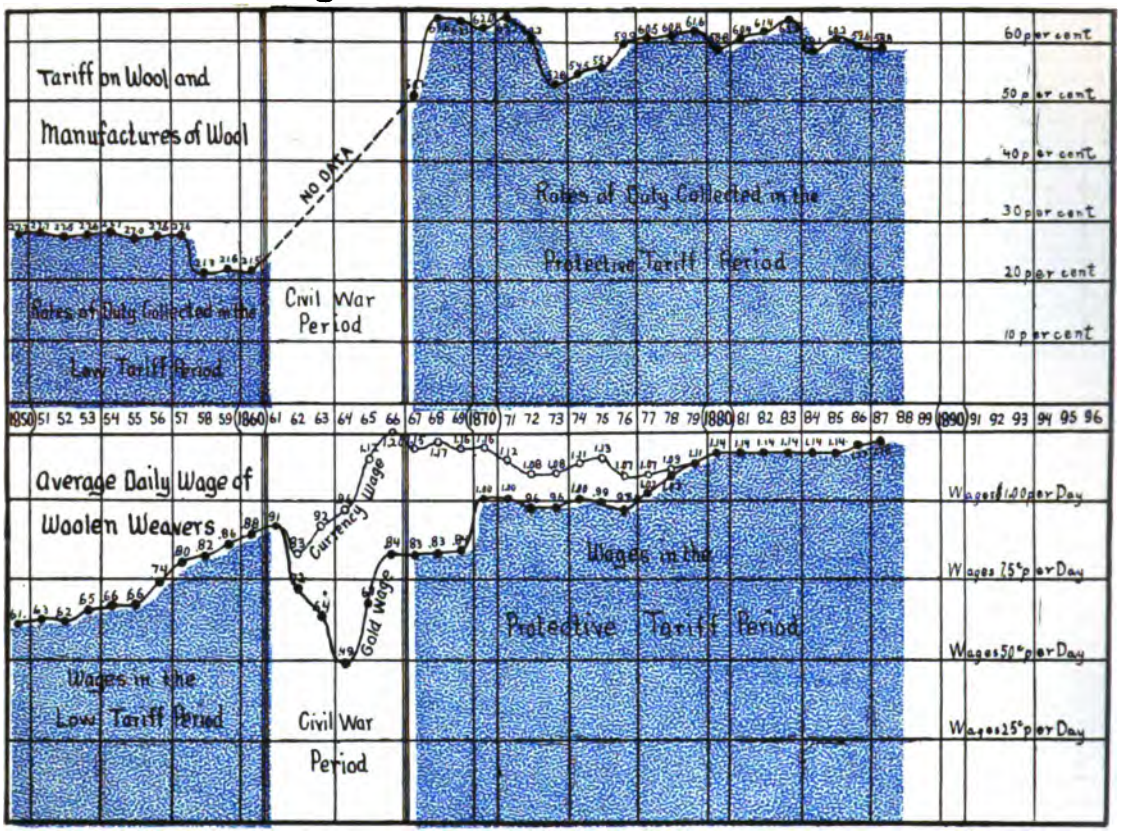
66. What was the Purchasing Power of an Iron and Steel worker's wage in the Low Tariff and Protective Tariff Periods?

The lower exhibit on this page, shows that during the Low Tariff, the day's wage of a machinist would buy, on the average, about sixty pounds of bar iron, which is less than the smallest amount it would buy in any year of the Protective Tariff Period. The average under the Protective Tariff has been little short of one hundred pounds, and for the last few years almost 120 pounds, or nearly twice that of the Low Tariff Period. With these amounts closely correspond the quantity of nails, screws, tools and iron utensils purchasable with a day's wage in the two periods.

67. Why are not these Studies brought up to date?

The author very much desired to bring these STUDIES up to 1891, not because they would make the comparison more conclusive, but for uniformity with other STUDIES. There are however, no reliable figures for wages available for 1888-1891. There is in process of compilation, under the direction of a Senate Committee of the U. S. Senate, an historical series of wage figures in the United States, which will be useful for such comparisons. It is, however, well known that for the past few years there has been little variation of wages in all the great lines of industry except a steady, though moderate increase. Prices, on the other hand, have as steadily and moderately declined. To bring this STUDY to date would therefore not change the force of the comparisons, except to show a further increase in the purchasing power of the day's wage.

Wages of Woolen Workers and the Tariff



GRAPHIC STUDIES, Nos. 17-18.

Explanation.—The four exhibits in view on pages 30 and 31 form connected STUDIES. The line of dots at the upper edge of the color in the several diagrams mark the annual changes in tariff-rates, wages, prices and purchasing power of a day's wage, respectively, as indicated by the titles printed across the color. The figures printed just below the color of the upper charts, designate the years for both the upper and the lower charts. The Civil War Period (1861-1866) is uncolored, as values were unsettled during that period and comparisons would be misleading.

QUERIES ANSWERED.

68. How have the duties on wool and woolen manufactures varied in the Low Tariff and the Protective Tariff Periods?

A glance at the color of the upper chart on this page, indicates an average rate in the Protective Tariff Period fully twice as high as in the Low Tariff Period, and a comparison in detail of the figures for each year, along the line of dots, shows that such is the fact.

69. Have the wages of woolen-workers increased in the Protective Tariff Period?

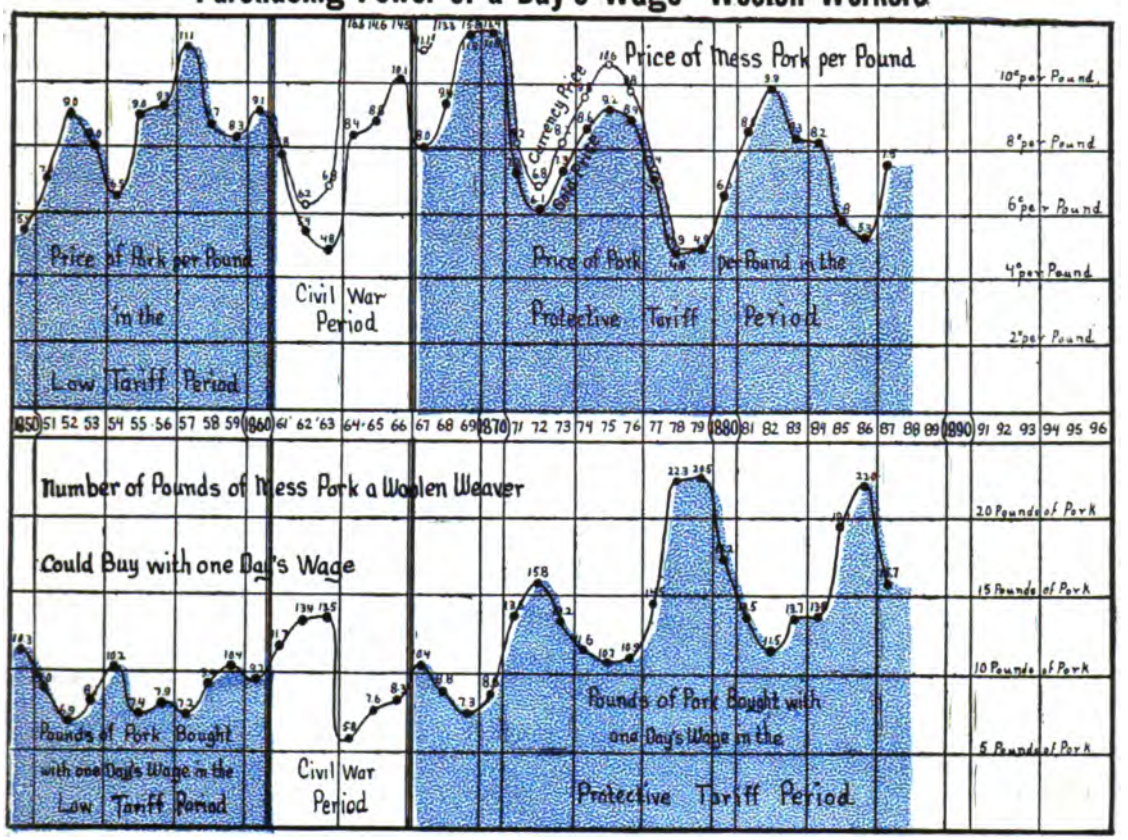
The general advance of wages is almost identical with that in the case of cotton-workers presented on page 26. The average day's wage for the Low Tariff Period was about 75 cents, and the Civil War Period shows a decrease in the gold wage. Comparing the two periods, the gold wage is found to have averaged about one-third higher in the Protective Tariff Period, as a whole, than in the Low Tariff Period.

70. Was there an increase of wages in the Low Tariff Period?

This industry (woolen manufacture) shows a decided increase of wages during the Low Tariff Period. In general, however, the increase was very slight during the Low Tariff Period, as appears in the wage charts of cotton-workers (p. 26), iron and steel workers (p. 28), and of unskilled laborers (p. 32); all of which show that the highest wage in these industries during the last three years of the Low Tariff Period was a trifle less than the lowest gold wage during the first three years of the Protective Tariff Period.

AUTHORITIES.—The rates of duty for 1850-1860 and 1867-1873 are computed from special data compiled by the Bureau of Statistics from files of the Finance Reports; for 1874-1887 they are computed from data in the "Statistical Abstract of the United States," 1887, pp. 15 and 16. The average daily wage for 1850-1880 was computed from the reports of wages published in Vol. XX. of the Reports of the Tenth Census, pp. 378-409, and for 1881-1887 from the wage reports of manufacturers furnished for this work. The price of mess pork is taken from the "Statistical Abstract of the United States," 1889, p. 309. The amount of pork which a day's wage would buy was computed directly from the foregoing reports of wages and prices for the several years.

Purchasing Power of a Day's Wage--Woolen Workers



71. How has the price of food compared with wages in the two Tariff Periods?

A glance at the upper exhibit on page 31, giving the price of mess pork since 1850, shows an average price which varies but little for the two periods. The fluctuations in price have been very great in both periods alike, and the average for each has been not far from eight cents per pound. The higher prices mark the earlier years of the Protective Tariff Period, indicating that, in food supply as in the case of manufactured products, an increased production resulted in a decline of price.

72. Is the price of pork a good representative of the price of food.

The census reports show that the value of hogs slaughtered in the United States is more than double that of beeves slaughtered, and the lower cost of pork makes it the more common food of the laboring classes. As to the changes in the price of food products, an examination of the chart on page 42, which compares the prices of wheat, pork and beef, will disclose the fact that since the Civil War Period the general range of prices has been the same for all three.

73. Has the food-purchasing power of a day's wage increased under the Protective Tariff?

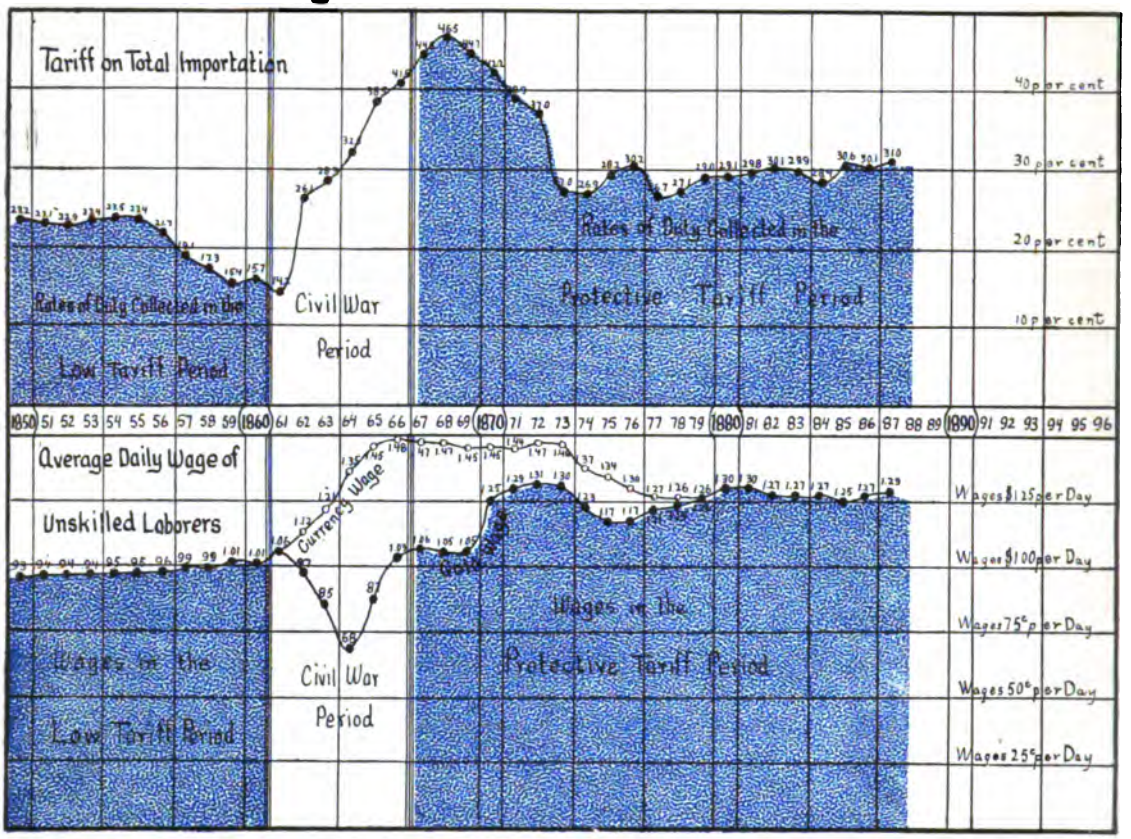
The color of the lower chart on page 31 shows that a day's wage would buy about one-half more pork in the Protective Period than in the Low Tariff Period. The average for the Low Tariff Period is less than ten pounds, and for the Protective Period nearly fifteen pounds.

It is also to be noted that since 1870 the lowest values of a day's wage, measured in pork, are greater than the highest values of the Low Tariff Period (except the year 1850, when the price of pork was exceptionally low).

74. How could the figures of these exhibits be garbled?

By taking into account only a part of the facts and for a very limited term of years, a false conclusion may easily be reached in several ways. The great fluctuations make it easy to misrepresent in the case of the prices and wages here mentioned. For example, one might take the price of pork from 1872 to 1875, or from 1878 to 1882, to show how greatly the cost of pork increased under a Protective Tariff. Again, one might take the purchasing power of a day's wage from 1872 to 1875, or from 1879 to 1882 to represent the decline of the purchasing power under protection; and from 1857 to 1859 to represent the increase in the purchasing power under the Low Tariff: or again, the purchasing power of 1859 might be compared with that of 1869 to prove that it was greater under the Low Tariff than under the Protective Tariff.

Wages of Unskilled Laborers and the Tariff



GRAPHIC STUDIES, Nos. 19-20.

Explanation.—(Same as for STUDIES 13-14, page 26).

QUERIES ANSWERED.

75. What was the average tariff rate on Total Imports in the Protective Period?

Omitting the years (1862-1872) of the "War Tariff" (see STUDY 5, page 17), the rate on Total Imports since 1872 has averaged about thirty per cent. This was an advance of one-half on the average rate of the Low Tariff Period, which was about twenty per cent.

76. Have the wages of unskilled laborers advanced in the Protective Tariff Period?

This question is at once answered by the above chart. The same general increase appears in the average day's wage of unskilled laborers as in the industries presented on pages 26, 28 and 30.

The labor represented in this STUDY is that of "common laborers," helpers, men of all work, who, without any special training, perform the simpler forms of labor in the widely-diversified industries of the country. The specific industries from which these wages were reported are: flour and grist mills, furniture, tanneries, carriages and wagons, ship carpentry, saw and planing mills, textiles, paper, machinery, hardware, cutlery, glass and tobacco.

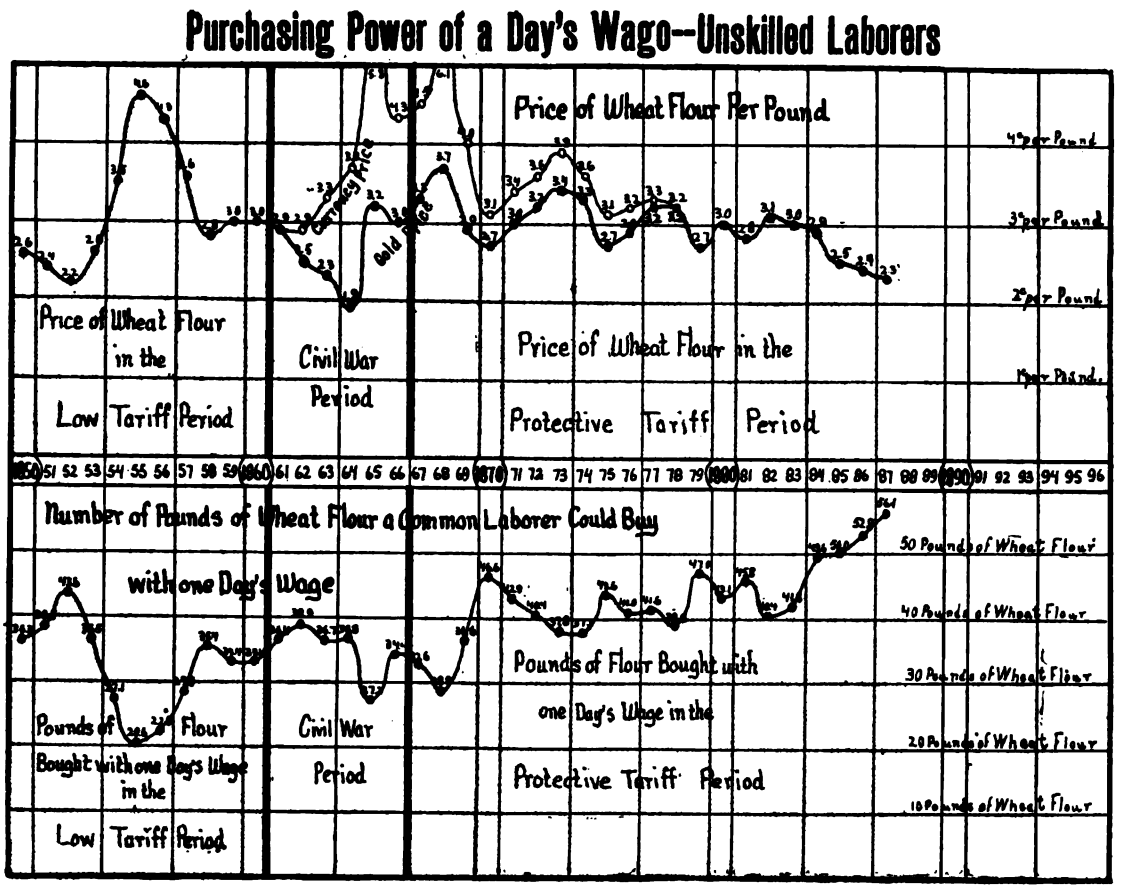
77. Why are the wages for unskilled laborers higher than for weavers?

Cotton and woolen weavers are almost wholly women and children, and although their work represents a definite skill, yet because the number of women and children available for such work is large as compared with the demand, their day's wage is lower than even that of common laborers. It is, however, gratifying to note that the rate of increase of the wages of weavers is greater than that of unskilled labor, showing a larger proportion of benefits to women and children than to those who earn the higher wage.

78. How has the price of Wheat Flour ranged in the Low Tariff and Protective Tariff Periods?

An examination of the upper chart on page 33, shows that, averaging the price of the two periods, respectively, it has been almost exactly the same for both. The eye at once recognizes that the line of "3c. per pound" shows very

AUTHORITIES.—The rates of duty on Total Imports are taken from the Statistical Abstract of the United States, 1889, p. 13. The average daily wage for 1850-1880 was computed from the reports of wages published in Vol. XX. of the Reports of the Tenth Census, pp. 39-500; and for 1881-1887, from wage reports of manufacturers furnished for this work. The price of Wheat Flour is taken from the "Statistical Abstract of the United States," 1889, p. 312. The amount of wheat flour which a day's wage would buy, is computed directly from the foregoing wages and prices for the several years.



nearly the average for each period. The price shows, however, a general decline since the Civil War Period.

79. Why is the price of Wheat Flour a good standard for measuring the purchasing power of wages?

The preceding STUDIES on pages 27, 29 and 31, examined the purchasing power of a day's wage firstly, as measured by cotton cloth, representing the clothing materials and textile furnishings of the working-man; secondly, as measured by the price of bar iron, representing the cost of tools, household utensils and house building material; thirdly, by using pork as a representative of the cost of food; fourthly, this STUDY examines further the food purchasing power of a day's wage, as the cost of food is a greater item of the working-man's expenses than either clothing, tools or shelter. Wheat flour in one form or another enters largely into the cost of the laborer's food in the United States.

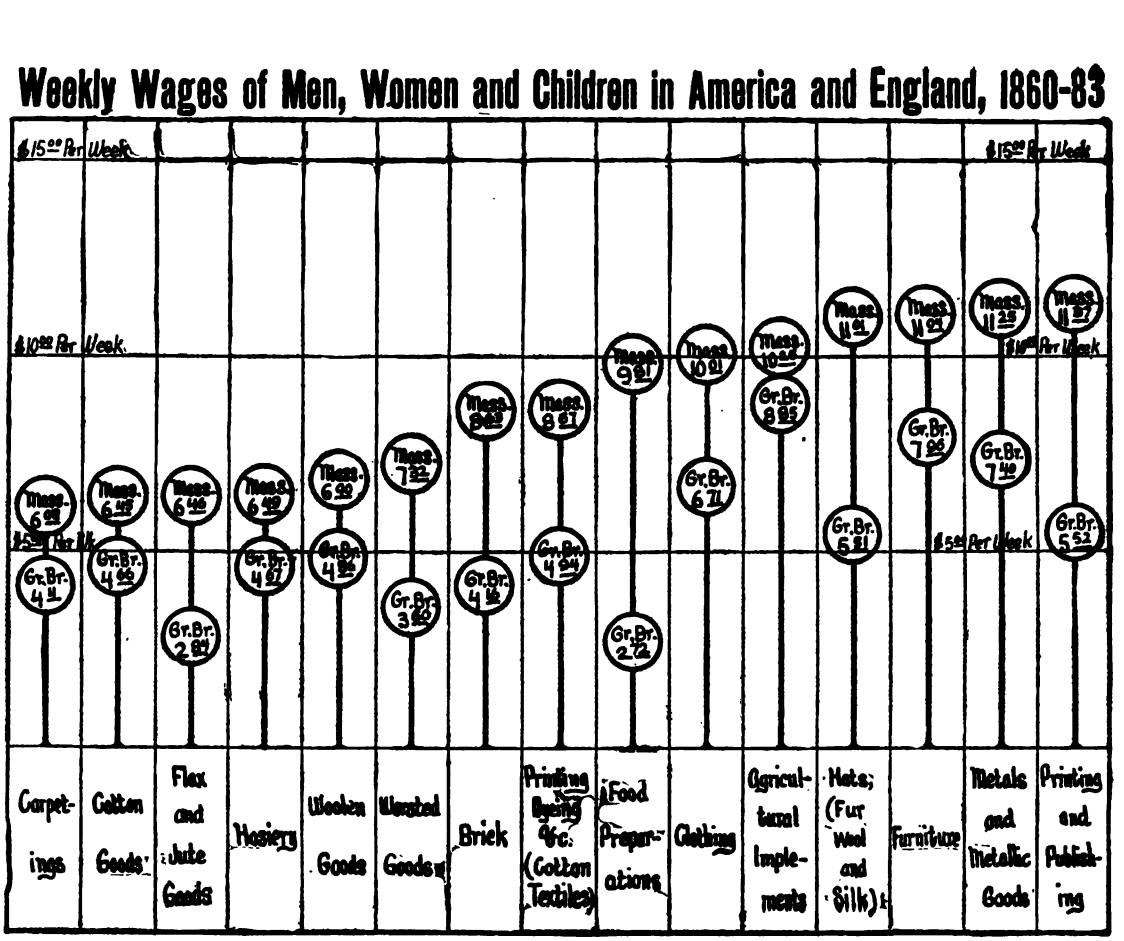
80. How much Flour would a day's wage buy in the Protective Tariff Period?

A little study of the color of the lower chart on page 33, shows that the average purchasing power in the Low Tariff Period was about thirty-three pounds. It is as readily seen that the average during the Protective Tariff Period was somewhat above the forty-pound line—about forty-two pounds,—while the average since 1884 has been over fifty pounds. It therefore appears for the fourth time, as in STUDIES 14, 16 and 18, that the purchasing power of a day's wage averages for the later years of the Protective Tariff Period nearly twice what it was before the Civil War, under the "Revenue Tariff."

81. Is unskilled labor benefited by a Protective Tariff?

These charts bear a strong testimony that every branch of industry shares in the protection accorded to the labor of special industries whenever that protection covers a large field. There are no walls or bars separating the industries of this country. Workmen are at liberty to step into whatever field offers a better reward for their labor. Wherever protection creates a larger demand for labor in any industry, thereby inducing a better wage, there labor turns from other industries. The effect is twofold; first the tendency to higher wages in the specially protected industry is checked; and, secondly, a better wage is induced in the deserted field because of its lessened supply of laborers. Hence all classes of labor share the advantage protection offers.

These benefits can be fully measured only by men old enough to remember that books and newspapers were very scarce in working men's homes before the Civil War; that even a rag carpet on a single room was a luxury, and a piano or an organ was an unthought of extravagance.



GRAPHIC STUDY, No. 21.

Explanation.—This STUDY of the "Wages in England and America," beginning on page 34 and continuing more than half across the opposite page, differs from preceding exhibits in one distinctive feature. The lines running up and down separate the diagram, not into "year spaces," as elsewhere, but, instead, into what may be termed "industry columns." Each column represents a separate industry, the name of which is printed in the uncolored space below. Circles here take the place of the black dots elsewhere used; hence, a circle placed higher than another represents a higher wage. The industries rank from left to right according to the amount of wages paid, those paying the lower rate of wages standing at the left hand of the exhibit. It must be kept in mind that, according to the title of this STUDY, the wages here compared are the averages for all grades of workers in the various industries named, including all the women and children employed, as well as men. This fact explains the apparent smallness of the wages both in Massachusetts and Great Britain.

The industries grouped under the headings of Brick, Building Trades, and Liquors, include men only in Massachusetts, and those under Agricultural Implements, Furniture, Liquors and Stone, include men only in Great Britain.

82. How large a proportion of the industrial product of the country is represented by this exhibit?

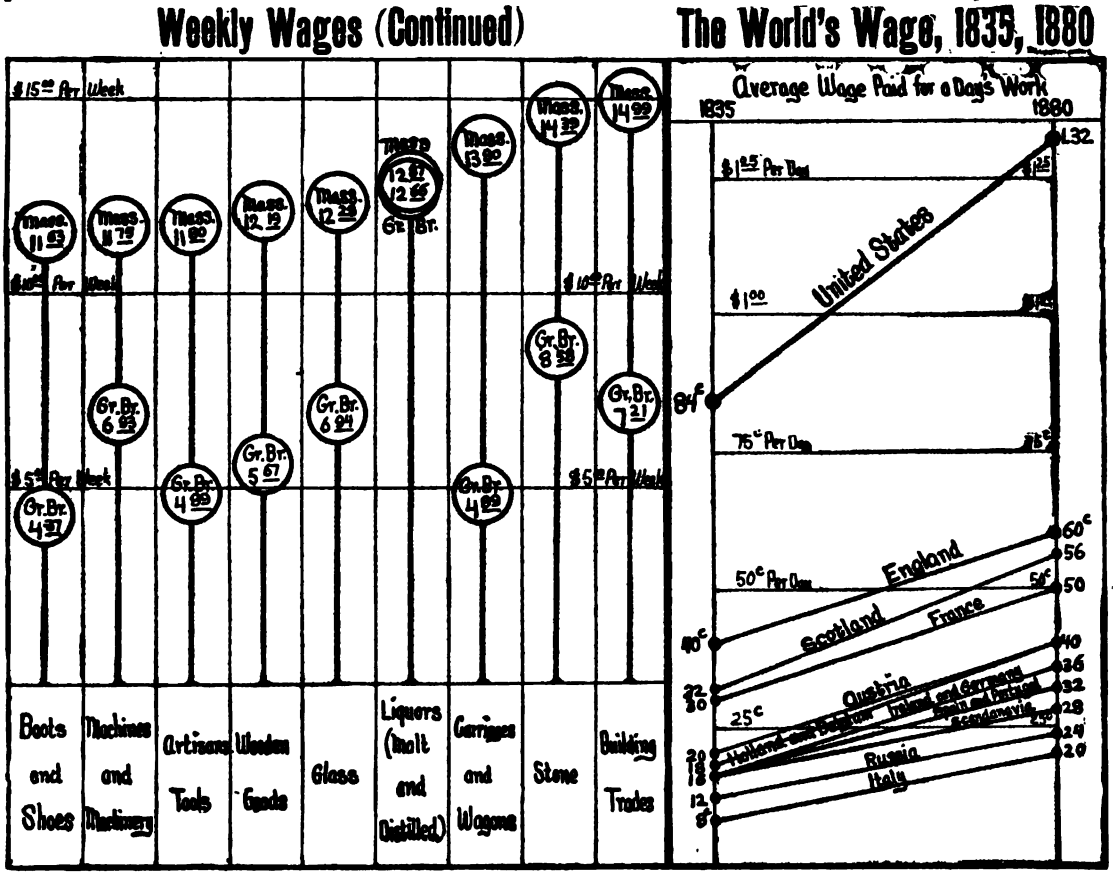
The twenty-four industries enumerated represent almost exactly seventy-five per cent. of the total industrial product of Massachusetts, and are to the same degree fully representative of the manufacturing industries of the entire country.

83. Does this comparison of wages in Massachusetts and in England hold good for the United States and Europe in general?

The corresponding average rates of wages in these industries have not been obtained for the entire United States. The wage rate of Massachusetts is higher than that of many other parts of the United States, while the wage rate of Great Britain is higher than that of any other country in Europe. (See STUDY 22, page 35.) This exhibit, in connection with the two following (STUDIES 22 and 23), offers the best basis available for a general comparison.

AUTHORITY.—Page 18 of "Comparative Wages and Prices, 1860-1883," published in 1885, under the supervision of Carroll D. Wright, by the Bureau of Statistics and Labor of Massachusetts.

This official record covers twenty-four years, almost a quarter of a century, and forms the only systematic and the most thoroughly satisfactory study of the subject ever made. Since 1883 no important disturbing influences in either country, have tended to change materially the results of the comparison. The question of continuing the record for the United States to the present date has been under consideration by a committee of the United States Senate, but has not yet been undertaken for Great Britain.



GRAPHIC STUDY, No. 22.

Explanation.—The plan of graphic representation in this STUDY of "The World's Wage" is the same as that already explained on pages 22-24. The dots and accompanying figures at the left-hand side of the color column, show the average daily wage for the year 1835 in the various countries of Europe mentioned; at the right-hand side of the color column are given the corresponding figures for 1880. The upward slant from left to right shows the increase in wages, for the several countries, in the interval of 45 years, between these dates. The wages given throughout this STUDY are the average for laborers of all grades.

QUERIES ANSWERED.

84. Would this exhibit have more value if brought down to the present year?

The great value of this STUDY lies in the fact that it covers nearly half a century, that it shows the absolute wage at the beginning and end of the period, the absolute as well as the comparative increase of wages in the principal countries of the world, and that the figures are those of a recognized authority.

To bring the showing down to a later date would scarcely give any better view, for a continuation of the record of absolute and relative increase would change the relative positions of the lines and dots but very slightly if at all.

85. Have wages increased more in the United States than in European countries?

The *percentage of increase* in Italy and Austria was much greater than in the United States. On the other hand, the *absolute increase* of wages in the United States in the forty-five years, was much greater, the increase of wages here being of itself 48c., or 1½ times the entire highest earnings recorded by Mulhall for Austria, and 2½ times the entire highest earnings for Italy. No reader with all the facts before him, as presented in this STUDY, can be in any doubt as to the real significance of the comparisons.

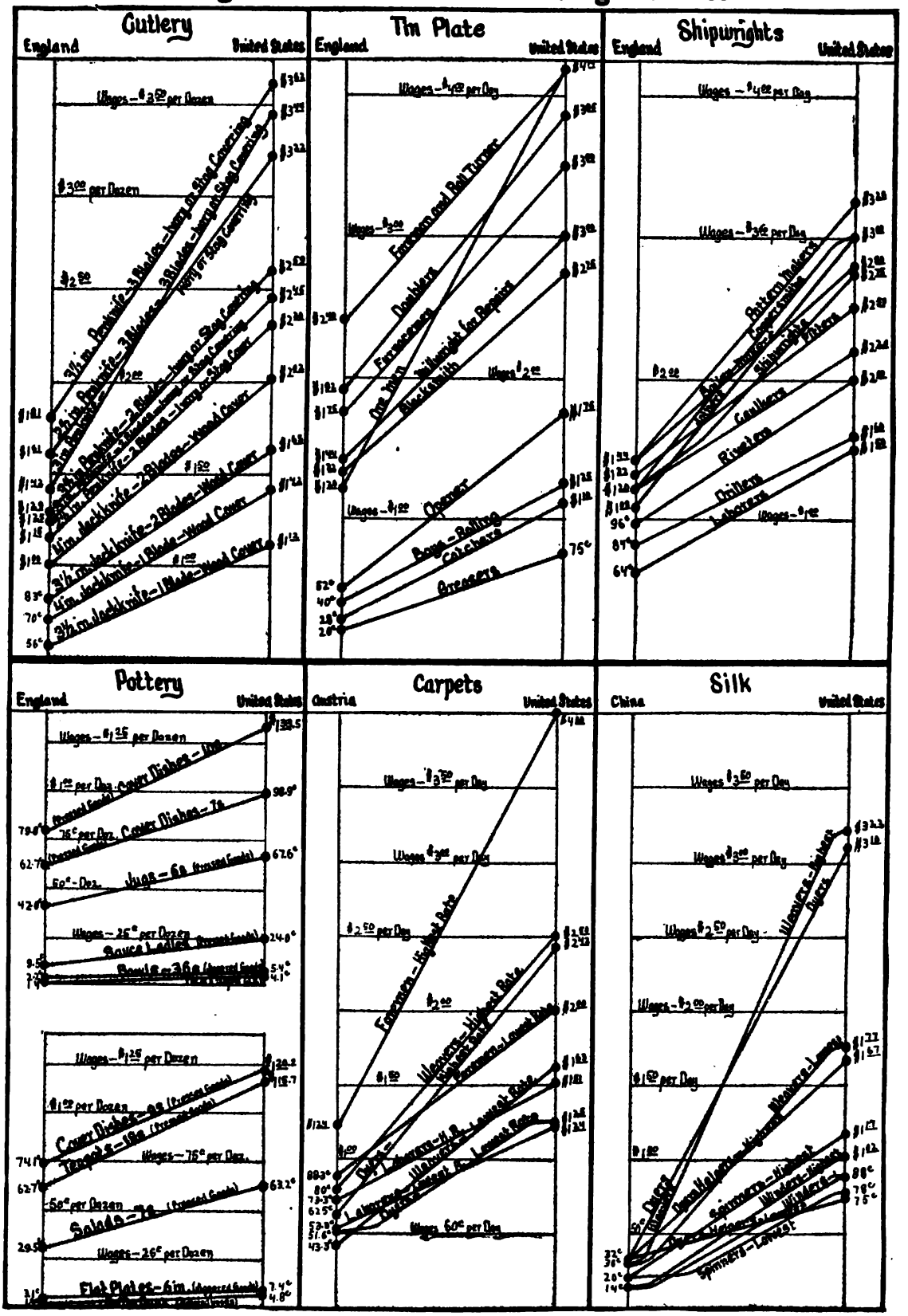
The increase in Italy of 150 per cent put 12 cents more per day into the laborer's pocket in 1880 than in 1835. The 100 per cent. increase in Austria, and the 50 per cent. gain in England alike gave the laborer 20 cents more per day. The 57 per cent. advance in the United States was a gain to the workman of 48 cents per day, a gain more than that of laborers in England and Austria together.

86. How many days' wages in other countries equal one day's wages in the United States?

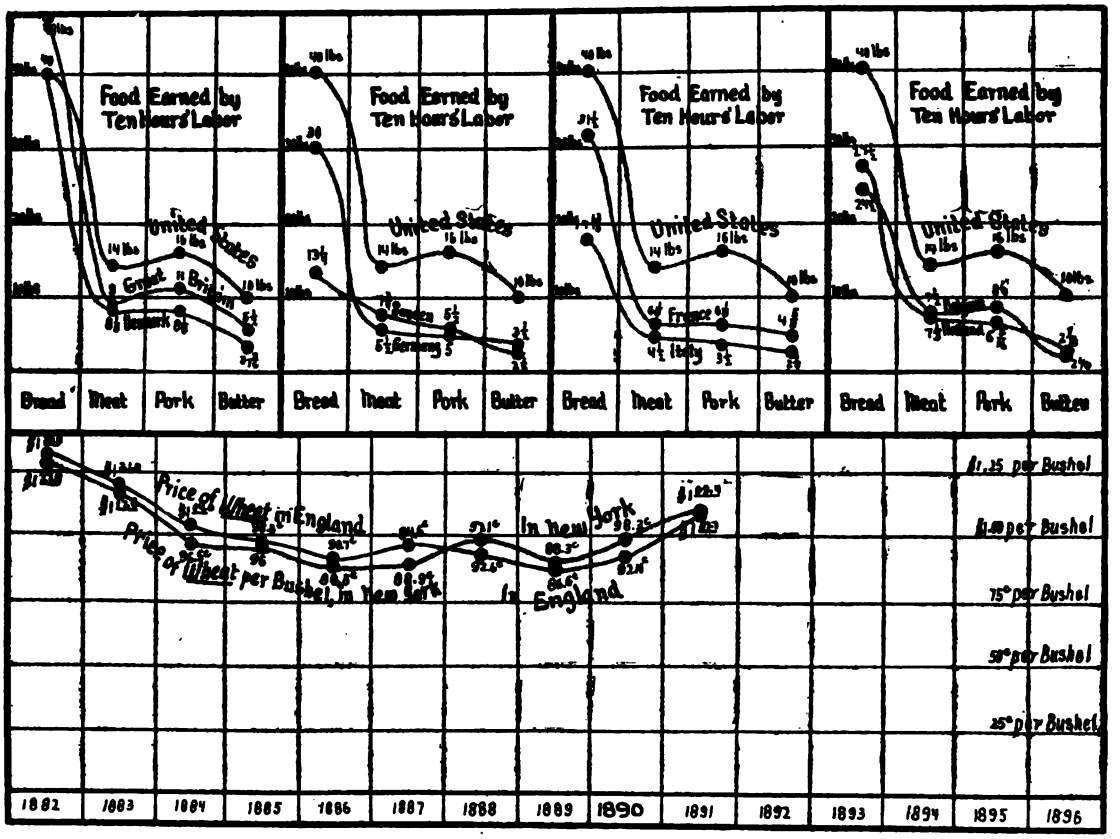
In 1880 a laborer in Italy must work 6⅔ days, in Austria 3½ days, and in England, the highest wage country of all Europe, 2⅛ days, to earn as much as in one day in the United States.

AUTHORITY.—The rates of wages for the different countries are obtained from Mulhall's "Dictionary of Statistics" (London, 1892), page 579, which is the recognized standard of authority among English statisticians.

Wages in the United States and Foreign Countries



Cost of Food in the United States and Europe



GRAPHIC STUDIES, Nos. 23-24.

Explanation.—The plan of STUDY 23, page 36, is the same as that explained on page 22; for plan of STUDY 24, above, see the general explanation, page 13.

QUERIES ANSWERED.

87. What general variations of wages are shown in these industries?

The wages in cutlery, tin plate and pottery, and those of shipwrights, range about twice as high in the United States as in England. The carpet wages of Austria are about one-third those of the United States. The earnings of silk workers in the United States (New Jersey Reports) range from four to ten times the Chinese wages.

88. Are wages for piece-work higher in the United States?

The wages for cutlery and pottery are the wages for piece-work, and are, therefore, of special interest, because they controvert the often-repeated statement that, although day-wages are higher in the United States, the laborer does so much more work that the real wage (piece-wage) is not higher.

89. What is the basis of the comparisons as to the cost of food?

The Commissioner of Labor Statistics of Wisconsin based his inquiry on the earnings of skilled blacksmiths and the cost of bread, beef, mutton, pork and butter in the several countries.

It is seen that, with two exceptions ("bread" in Denmark and Great Britain), the amount of food bought with ten hours' labor in the United States, is from one-third more to five times as much as in Europe, as represented by the eight countries mentioned in the chart, namely:—Great Britain, Denmark, Sweden, Germany, France, Italy, Belgium and Holland.

The price of wheat given for the United States, is for the grade known in the Produce Exchange of New York as "standard wheat," while that for England is "all wheat," a some what poorer grade. The average price of wheat

AUTHORITIES.—Pottery, "Reports from the Consuls of the United States" No. 132, Sept., 1891, p. 49; Carpets," Special Consular Report on Carpet Manufacture in Foreign Countries," 1890, p. 272; Silk, "Consular Reports," No. 109, Oct., 1889. p. 284, for China, and "Annual Report of the Bureau of Statistics of Labor, of New Jersey," 1888, pp. 285-289; Cutlery, Tabulated Statement prepared by T. W. Bradley, President of the New York Knife Co., Walden, N. Y., for the Senate Finance Committee of the 51st Congress, and included in their official report of their Revision of the Tariff Hearings; Tin Plate, Statement by Mr. Wilkins Frick, formerly Secretary of the Wales Tin-Plate Makers' Association of Swansea, published in the *American Economist*, of Aug. 28, 1891; Shipwrights, Statement furnished by Mr. H. J. Pettifer, Secretary Workman's Association for Defense of British Industry, 184 Waterloo Rd., London, and Statement of the Morgan Iron Works, New York City; Cost of Food, etc., "Report of the Commissioner of Labor Statistics for Wisconsin," 1888-9, p. 167; for Purchasing Power of Ten Hours' Labor, and for Prices of Wheat in the United States and England, special tables furnished by Mr. J C. Brown, Statistician of the New York Produce Exchange.

90. What relation has the Tariff to wages?

There are those who claim that the tariff has no more to do with wages than with the tides of the ocean, and who see no relation between the tariff and their pocketbooks except the alleged effect of invariably increasing prices. The same men, however, say that they oppose a protective tariff because it "unduly stimulates manufacture," unmindful of the fact that if it stimulates manufacture, it must at the same time increase the demand for labor, and that an increased demand for labor must also tend to raise wages. The foregoing STUDIES, pages 26–33, show that there has been a marked increase of wages, both of skilled and unskilled labor, during the operation of the Protective Tariff.

That a tariff on sugar directly increases the cost of sugar to the consumer, any schoolboy will understand; that a tariff on wire nails successfully increases the product of wire nails in this country, and therefore acts to raise wages in this country, and at the same time acts to reduce the price of wire nails, is a problem a little more intricate in its relations, and hence fewer men fully grasp the facts. The secondary effects of such a tariff are, however, so much wider and more beneficent than the first effects, that they deserve the utmost careful attention of every thoughtful person.

91. How far will a tariff designed to increase production, raise wages?

To the full extent to which the increased production increases the demand for labor, will wages in general be improved.

It may be argued that a tariff designed to increase production, benefits the capitalist rather than the wage earner, because the capitalist who does the manufacturing controls the rate of wages. Were this true, the employer would have it in his power to reap the entire benefit of the Protective Tariff. But it needs no proof, that the price of labor, as of all other commodities, is determined by the sufficiency of the supply to meet the demand.

The wage charts on pages 26–33 show that wages have increased under the protective tariff. Since employers, like all other men, buy everything as cheaply as they can, whether labor or materials, the increase of wages, then, cannot be due to the mere option of employers. It is plain that the wage earner has secured an increasing share of the products of his labor under the actual working of the protective policy.

92. When will a Protective Tariff cease to raise wages?

Only when wages reach so high a point that to increase them would leave capital without sufficient incentive for carrying on industrial enterprises. It is impossible to fix a limit to the increasing demand for labor, except the point where production shall fully equal the possibilities of consumption in this and in foreign countries.

It must be remembered also that although protection directly stimulates only a part of the industries of the country, yet the wage benefits are shared with all other industries, because there are no barriers between the many fields of labor. This widens the field for the benefits of protection and is the ground for its chief and lasting usefulness as a national policy.

93. Would a "tariff for revenue only" reduce wages?

A tariff for revenue only, removes all protection. The removal of protection leaves no barrier between labor in the United States and labor in the old world except that of ocean freights. Production then, if continued in this country must proceed on the basis of production in the old world. The manufacturer would then have to face the alternative of closing up his business, or cheapening the product to the old-world level in one or all of three ways: either, first, by reducing wages; or, secondly, by making his machinery produce more for the same cost; or thirdly, by cutting down his profits. Whatever might be the final outcome of this pressure on the manufacturer, wages would suffer reduction first. There would be little stimulus to improve the capacity of machinery, and profits are only relinquished as a last resort. Wages, then, present the most ready means of reducing the cost of production in order to bring our industries to the level of the old world, and would therefore suffer first and most seriously.

94. What are natural wages?

Because each country has natural conditions differing from other countries, it has, therefore, a standard of living differing from that of other countries. These standards of living for the great bulk or masses of people, range from the practical serfdom of Russia, with its hovels and wretchedness, to the highest standard of the new world, as found in the United States.

There is also a natural wage for each country. Such a wage is the amount a laborer can earn in free unrestricted competition in his own labor-market, a competition among men accustomed to the same standard of living, and subject to the demands of that standard.

An industrial policy which compels laborers, subject to the needs of the American standard of living, to compete with the foreign wage earner living under the lowest civilization, is manifestly unjust.

NOTE.—Just as this page goes to press, the report of the Senate Committee referred to in Query 67, page 29, is published, and corroborates the statements there made: Since 1887 wages have slightly increased, the prices of manufactured products have decreased somewhat, while those of agricultural products have made a small advance. The average purchasing power of a day's wage, as compared with that of 1887, is therefore almost exactly the same in food products, and somewhat greater in clothing, tools and house furnishings.

Prices and the Tariff.

THERE is no proposition of economics upon which Protectionists and Free Traders agree more thoroughly, than in the statement that a duty laid and collected on an article which cannot be produced in this country is added to the price of the imported article. In other words, the cost of the article to the consumer is greater by the amount of the duty, than it would be if there were no duty. For example, if the "War Tariff" of five cents per pound on coffee were replaced, each pound would cost the buyer five cents more than now; and so with all imported articles not produced in this country. Hence the only way to reduce the cost of such articles to the consumer, by means of the tariff, is to reduce the duty or admit them free.

Articles of Foreign Production.—There is no disagreement between Protectionists and Free Traders as to the effect upon prices in this country, of a duty collected on articles necessarily produced almost entirely in foreign countries. They agree that the cost to the consumer is, in that case, increased by the amount of the duty.

When the production in this country is necessarily but a small part of the amount consumed, as in the case of sugar (see STUDY on page 52), the home product does not offer enough competition in the market to prevent the duty from raising the price. This was the case with sugar, when the McKinley Law placed it on the free list, which affected a marked reduction of the price. Within a very few weeks after the free sugar clause of the McKinley Law took effect (April 1, 1891), the reduction in the price of sugar was made on the retail counters of all the grocers in the United States.

Articles of Home and Foreign Production.—The point of disagreement between Protectionists and Free Traders is reached in considering such articles as are, or can be, produced in large quantities in the United States. Protectionists point to such articles as cotton prints and wire nails (see STUDY on Wire Nails and the Tariff, page 59), which often sell in the open market for a price smaller than the duty imposed, to prove that the duty is not necessarily added to the cost of protected articles.

They also point to many other articles which sell at only a little above the duty, which trifle evidently does not nearly equal the cost of production, to prove that, at most, only a small fraction of the duty is included in the cost to the consumer. They also point to the fact that in many cases the market price of goods varies according to home competition, when neither the cost of material or labor, nor the duty has varied at all. This is the case whenever the home product becomes so large as nearly or quite to supply the home market, and thus brings about a sharp competition.

Foreign Competition.—As home competition governs the prices of home products, so competition in the foreign markets governs the foreign price of imported articles. Tea and coffee thus vary in price from year to year, as the foreign product is large or small, and as the size of the product increases or lessens the force of competition.

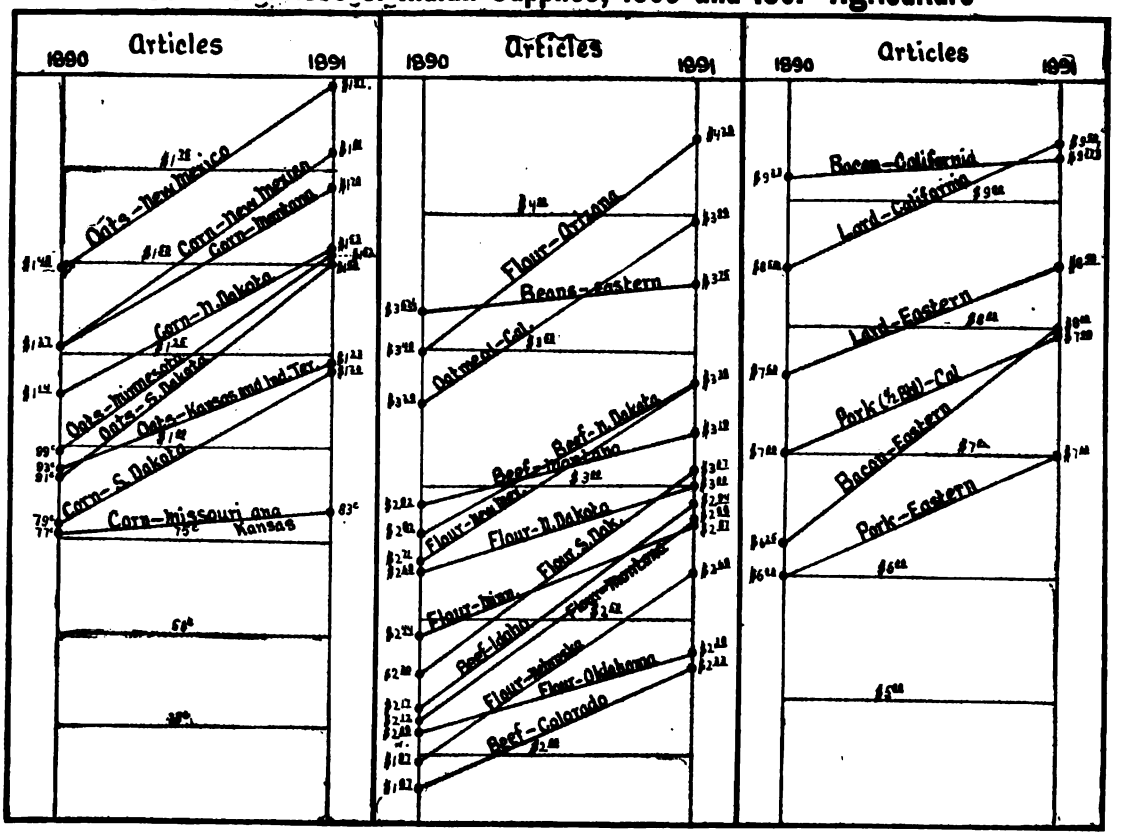
Withdrawing Protection.—When a large home production has induced so sharp a competition as to result in a production at low cost by improved methods, obliging the producer to reduce profits so that the market price of the article is even less than the duty, it would, at first thought, seem unnecessary longer to impose the duty on such a product.

The second and wiser thought suggests that other countries will copy the improved methods of this country and, with their lower wages, will then be able to produce the articles at as low a cost as ourselves, or at even a lower cost. Hence the need of continued protection.

Again, it is to be remembered that over-production often takes place in all countries, in which case the producer is glad to throw his surplus product into any market, even at half price. This he would do in the markets of the United States at frequent intervals, unless prevented by what might, at first thought, seem useless tariff laws.

The reason is plain, then, for keeping the protection in force at all times. It would, otherwise, often occur that one industry and another would be crippled by an influx of the surplus products of other countries, or by improvements in production which would enable the foreign producer to step in and put our manufactories at a hopeless disadvantage, and thereby compel them to throw their workmen out of employment, or continue to employ them only on the same basis as the European or Asiatic workmen with whom they must compete.

Contract Prices of Indian Supplies, 1890 and 1891--Agriculture



GRAPHIC STUDIES, Nos. 25-26.

Explanation.—As in all other STUDIES, a dot placed higher than another means a larger amount. In these STUDIES the dots represent the prices paid by the United States government for Indian Supplies in 1890 and in 1891, as indicated by the date at the top of each color column. The lines connecting the dots, slanting from left to right, show by an upward direction a higher price paid in 1891, and by a downward direction a lower price paid in 1891. The names of States on the several lines indicate where the article named was to be delivered.

95. What was the effect of the McKinley law on prices?

Many predictions were made that the effect of the McKinley tariff law would be to increase the prices of manufactured products and to lower those of agricultural products. The results shown by the prices in the open market, are no longer open to question. As a basis for the above STUDY, the contract prices of Indian supplies have been taken as affording an official and unmistakable test of the truth or untruth of these predictions. These contracts were made under sharp competition, and hence furnish a good index of the general trend of prices, if not a better one than the ordinary markets. They have the additional advantage of an official record, covering a wide range of products which may be readily consulted for verification at any time.

96. Are these open competition prices?

There were about five thousand bidders to furnish these supplies in 1890 and in 1891. The reports give the prices named in the several bids, and the description of the supply offered, together with the amounts awarded, and the price paid to the successful bidders.

The contracts for supplies in 1890 were made under advertisements of April 15 and June 10, 1890, several months before the McKinley law was enacted, and the contracts for 1891 under the advertisements of April 4 and May 29, 1891, several months after its enactment.*

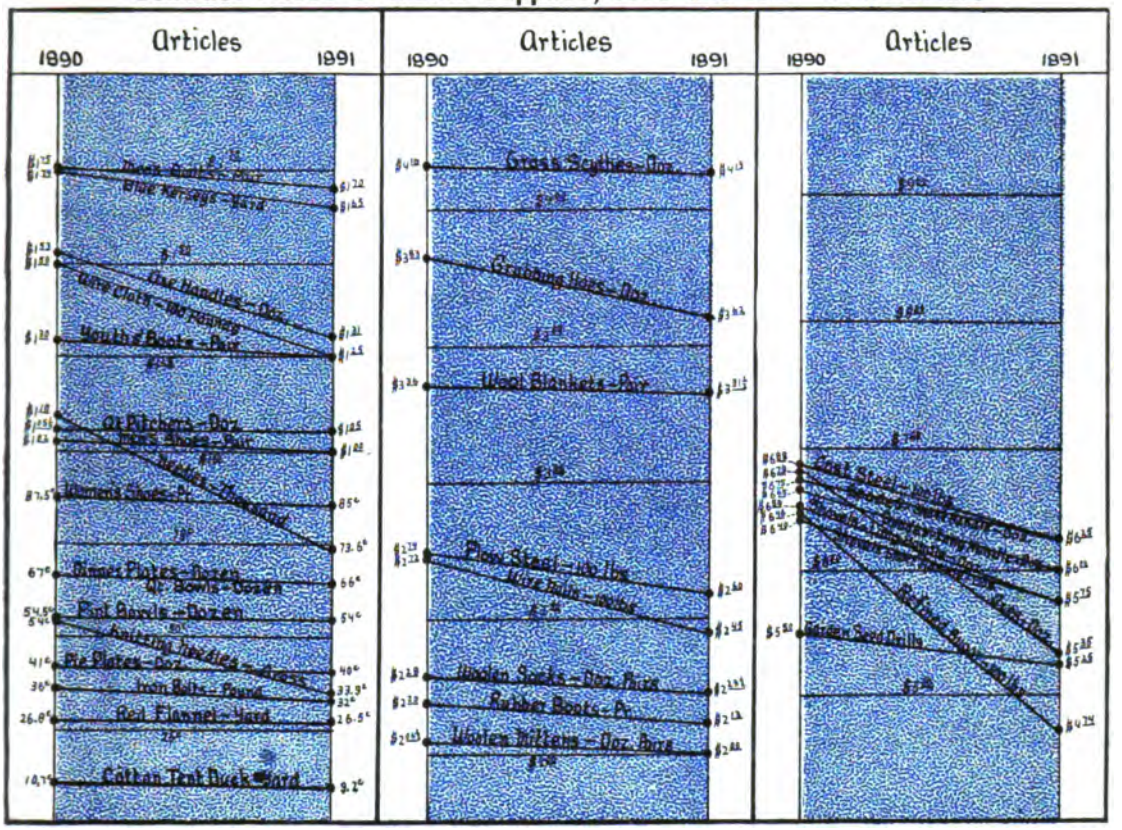
97. Were contracts awarded at the same prices in all parts of the country?

The points at which the various agricultural products were to be delivered, were noted in the contracts, and are indicated in the above STUDY by the names of the States given on the slant lines. This explains why some contracts were made at so much higher figures than others. It costs more to deliver corn at certain points in New Mexico than in Missouri and Kansas.

AUTHORITY.—"Proposals Received and Contracts Awarded for Supplies, and Transportation of same, for the Indian Service" for 1890 and 1891, published by the United States Government. The prices are found therein under their respective heads.

*The full price of "pork (California)" per barrel, $14 in 1890 and $15.96 in 1891, and "pork (Eastern)" $12 in 1890 and $14 in 1891 could not be shown on the diagram; hence the price of a half barrel is used, showing whether the price increased or decreased, as well as that of a full barrel.

Contract Prices of Indian Supplies, 1890 and 1891--Manufacture



98. What manufactured articles decreased most in price?

Manufacturers of iron and steel show the greatest reduction in price; most other articles show only a moderate reduction, but in all these cases a reduction appears instead of an increase.

99. Did manufactured products or agricultural products increase in price in 1891?

The lines comparing the prices of agricultural products in 1890 and 1891, all slanting upward, witness silently but strongly that the McKinley law did not result in giving the farmer lower prices for the product of his labor.

The downward slope of the lines showing the prices of manufactured products (p. 41) are equally emphatic witnesses to the falsity of the prediction that the prices of all manufactures would be higher under the McKinley law. Whether due to the tariff or to some other force, the fact is evident that agricultural products increased and manufactures decreased in price, following the enactment of that law.

100. What other causes may have produced the change in prices contrary to the predictions already quoted?

The baffled objector ascribes the rise in the price of agricultural products to short crops in the old world, and the reduction in price of manufactured products to an over production in these lines. These explanations, however correct, do not make good his predictions as to the effect of the McKinley Law. As to large production resulting in a low price, it is just that at which protection aims, namely: a production so large as to result in the keen competition which alone, whether in this or other countries, effectually lowers prices. It is manifest that the more limited the production in any country, the higher will be the market price.

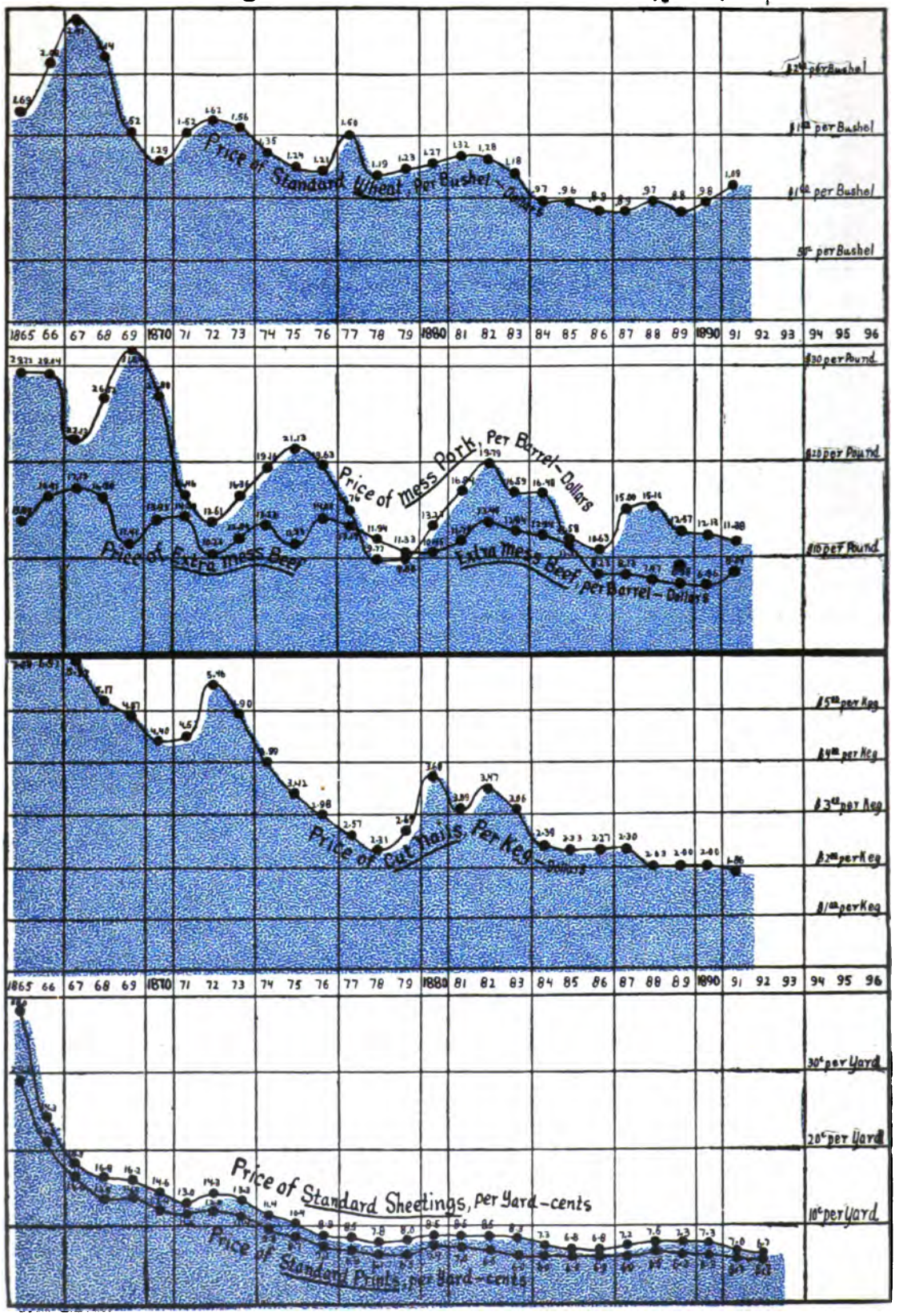
101. What benefits of the Protective Tariff are shown in these exhibits?

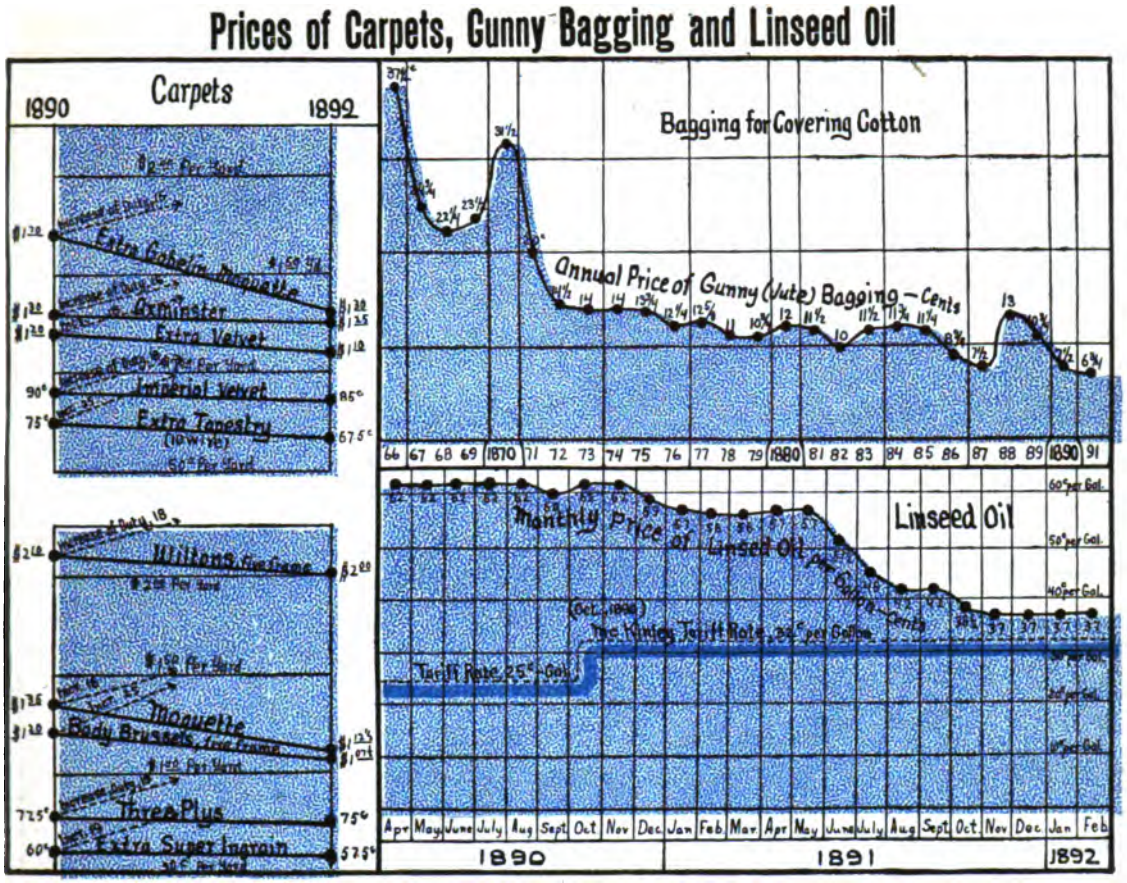
Protection aims to increase home production, especially of manufactured articles. Through this increase, it expects to induce a competition which will result in reduced prices of these articles. The lower prices of manufactured products as shown in the various STUDIES of prices (pages 27, 29, 31, 33, 40–45 inclusive), verified this expectation.

Protection also expects through the same agency to provide a larger home market for agricultural products, and thereby to secure for the farmer better returns for his crops.

The increased home market for agricultural products, with the added effect of a shortage of crops in the old world, more than met his expectation regarding the advantages to the farmer, as indicated by the largely increased price of farm products portrayed on the opposite page.

Prices of Agricultural and Manufactured Products, 1865-1891





GRAPHIC STUDIES, Nos. 27-28.

Explanation.—For the general explanation, see pages 13 and 22. The broken lines and accompanying figures on the chart of carpet prices at the left of the above STUDY, indicate that the *ad valorem* duty of the McKinley Law was so many per cent. higher than the previous rate.

QUERIES ANSWERED.

102. Has the price of Agricultural Products declined under the Protective Tariff?

Much has been written and declaimed to prove that the farmer has been robbed by the manufacturer, under the protective tariff.

The two charts on the upper half of the opposite page show the decline in the price of wheat, beef and pork since the close of the Civil War (for the price of wool see page 49 and of wheat flour, page 23). There can be do doubt about the fact of a marked decline.

103. Has the price of Manufactured Products also declined?

Below the charts of the prices of agricultural products are shown the prices of manufactured products. The price of nails is a good representative of the manufactures of iron (see pages 56 and 57 for prices of pig iron and railroad bars), and sheetings and prints are good representatives of textile fabrics, cotton, wool and silk.

If the farmer has been robbed, it would seem that the manufacturer has not escaped. The STUDIES on pages 44 and 45 carry the investigation further.

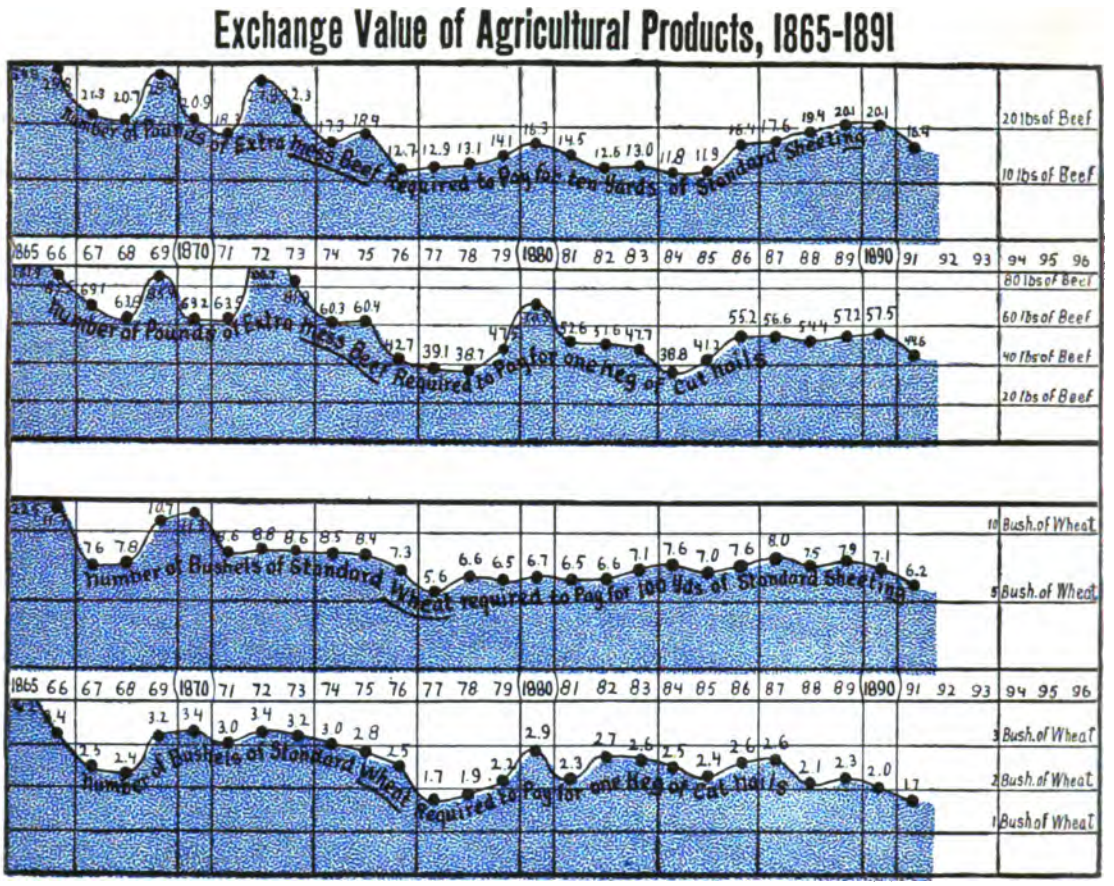
104. Do prices increase as duties increase?

One of the loudest complaints made against the McKinley Bill was that it would raise the price of carpets. The duty on carpets was very much increased, as indicated by the tariff lines on the price chart, but the prices persisted in taking the opposite direction.

The duty on gunny bagging was doubled under the War Tariff, and about 1870 the industry was started in the United States, with the resulting decline of prices indicated in the chart.

The duty on linseed oil was raised by the McKinley Law, from 25c. to 32c. per gallon, as noted on the chart. The trust which had controlled the product under the 25c. rate, collapsed within a few months, and the price was reduced to barely 5c. above the amount of the duty.

AUTHORITY.—For Standard Wheat and Extra Mess Beef, by Mr. J. C. Brown, Statistician of the New York Produce Exchange; for Mess Pork and Cut Nails, "Statistical Abstract of the United States," for 1891. pp. 333 and 335, respectively; for Carpets, *Dry Goods Economist*, New York, Current Price quotations for March, 1890 and Jan., 1892; for the increase of duty, Mr. J. Alexander Lindquist, in "Tariff Reform," No. 16 of Vol. III.; for Gunny Bagging, the editor of the *Commercial and Financial Chronicle*, New York; for Linseed Oil, an article in *New York Daily Commercial Bulletin*, of Feb. 5, 1892, entitled "The Workings of Trusts," by J. Alexander Lindquist; for Standard Sheetings and Prints, "Statistical Abstract of the United States," 1891. p. 328, but Mr. Joshua Reece, Jr., who furnished the government with the figures, corrects an error therein made in the prices for 1889–1892, as follows. Sheetings, 7c., 7c., 6.8c., and 6.5c., and Prints. 6.5c., 6c., 6c. 6c., for the respective years designated.



GRAPHIC STUDIES, Nos. 29-30.

Explanation.—The line of dots and the figures at the upper edge of the color on the four charts above, show the number of pounds of beef and the number of bushels of wheat required year by year, since 1865, to pay for stated quantities of manufactured products.

The years for the upper two charts are printed just between them and those for the third and fourth charts are similarly placed.

The charts on the opposite page are on the same plan and show the value of manufactured products in exchange for agricultural products.

QUERIES ANSWERED.

105. What is the disadvantage of studying money prices only?

The producer ordinarily sells his product for money and uses that money to buy the product of others. By this indirect exchange of products, each is compared only with the money used in the transaction, and the actual, or barter, value of the products is lost sight of. Since the close of the Civil War there has been, as is well known, a general reduction of the money values of nearly all products, but this does not mean a like reduction of all exchange values. It is still the fact that of the two great divisions of producers, farmers and manufacturers, the product of one has depreciated, while the other has gained in exchange value.

The object of these two STUDIES is to see whether the product of the farmer or that of the manufacturer has suffered a real reduction of purchasing power.

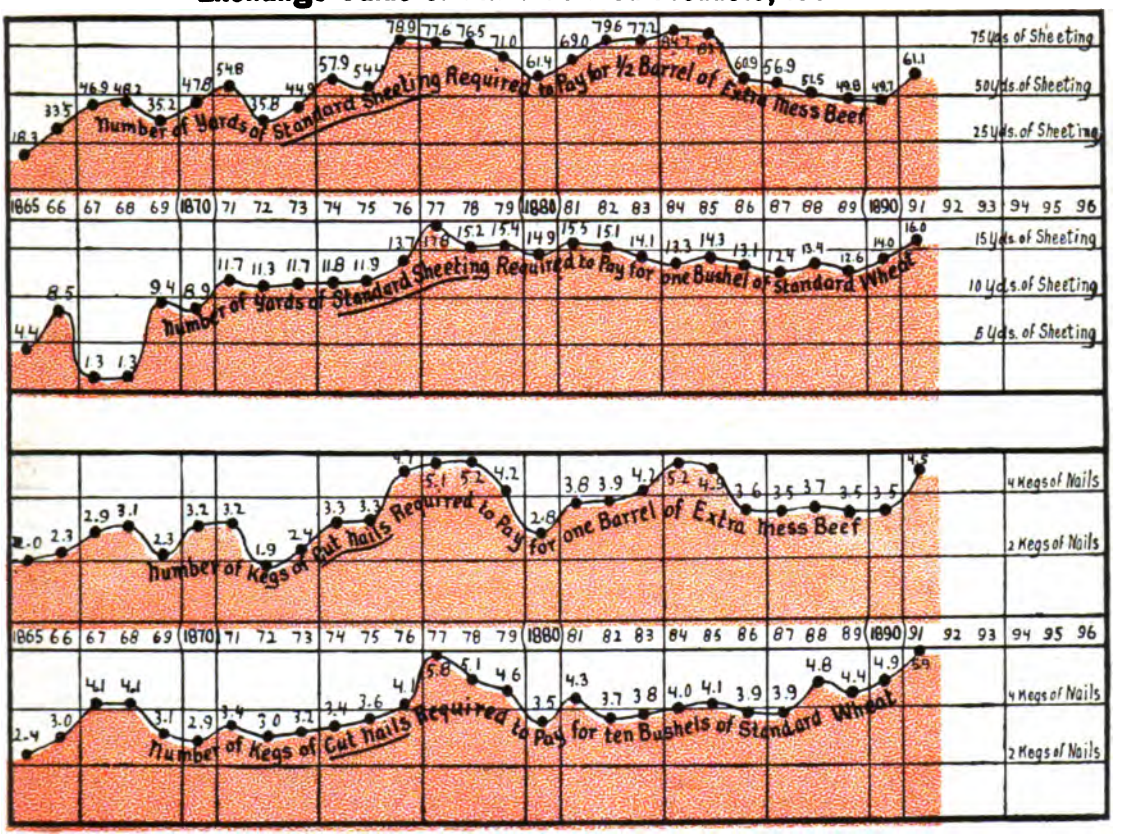
106. How much Beef did it take to pay for ten yards of Standard Sheeting?

The manufacture of cotton is one of the largest branches of industry in the United States, and beef is one of the important agricultural products. The first of the four charts at the top of this page, shows how many pounds of beef it took, year by year, to buy ten yards of sheeting, using the same grades of beef and sheeting all the time.

From the close of the Civil War to 1773 (except one year, 1871) the color reaches considerably above the twenty pound line, and the figures printed with the dots show that for three of the nine years it took nearly thirty pounds, while in 1865 it took nearly fifty-five (54.8) pounds of beef to buy ten yards of sheeting.

AUTHORITY.—The prices of Sheeting and Nails are from the "Statistical Abstract of the United States," 1891, pp. 328 and 335 respectively, except that the corrections as to Sheeting for 1889–1891, noted on page 43, are used for these years. The prices of Wheat and Beef were supplied by Mr. J. C. Brown (Statistician of the New York Produce Exchange), who furnished these prices for the United States Government publications.

Exchange Value of Manufactured Products, 1865-1891



Since 1875 it has not taken nearly as many pounds, and much of the time only a little over half as many as before.

The third chart shows the same general result as to the amount of standard wheat required to buy 100 yards of standard sheeting

107. How much beef did it take to pay for a keg of cut nails?

By the same test of barter, using beef and wheat to buy nails, the farmer finds the result still more in his favor. The second chart shows that for the first eleven years (1865–1875), it took over sixty pounds of beef, and in 1865 and 1872, over one hundred pounds, to pay for a keg of nails; while, since 1875, the average has not been over fifty pounds. The fourth chart shows that for the ten years, from 1865 to 1874 (except 1867–68), it took over three bushels of wheat to pay for a keg of nails, while it has, since that date, taken on the average not over two and a half bushels.

While the general trend of the exchange values, as shown by all four of the charts, marks no very great change, yet the advantage is, in all cases, clearly in favor of the farmer.

108. Does it take more of the manufacturer's product than formerly to pay for agricultural products?

The four charts at the top of this page show the manufacturer's side of the account, which is, of course, exactly the reverse of the farmer's.

It is clear that the advantage is not with the manufacturer, but with the farmer. The result of this inquiry is like many other practical tests, an answer exactly opposite to the opinion of men who have made only partial investigation, or who, without any investigation, have been impressed by frequent dogmatic assertions on one side or the other.

The past few years have been productive of a large literature (mostly newspaper literature), proclaiming that the farmer is fighting a losing battle, and that the manufacturer is unduly favored by the tariff laws.

109. Does it take less of Cotton and Wool than formerly to pay for manufactured products?

To have used the prices of any other of the important agricultural and manufactured products would have given the same result as shown in the charts on pages 44-45. Cotton or wool, for example, make the same showing in favor of agriculture, for their prices have maintained the same relation to those of manufactured products.

110. Has the wage-earner been benefited by the decline of prices?

The decided reduction in prices of all products, suggests the question whether any gain has come to the consumer who is not at the same time a producer. Such a consumer would seem to be able to reap the advantage of the

reduced price of both agricultural and manufactured products, providing he had not suffered a corresponding reduction of income. Such a consumer is the wage-earner. He uses no part of his income in buying land or building factories, in hiring hands to grow crops or manufacture goods. He has no expenses for improved agricultural implements, or for better machinery to keep his product before the market. Has he received the advantage of the reduced prices in both divisions of production? This question is emphatically answered in the affirmative by the STUDIES on wages, given on pages 26-33.

111. How would a reduction of wages effect prices in general?

A very large share of the work both on the farm and in the factory, is now done by machinery. If hand labor were the only factor in production, then it must follow that lower wages would mean correspondingly lower prices. The rich man's shoes, made largely by hand labor, would perhaps cost only a little more than half as much, if wages were reduced to the English standard (see STUDIES 21–22, page 35).

On the other hand, the shoes of more than sixty millions of the people of the United States are made largely by wonderful machines, some of which cut the leather, sew the shoes and finish them almost without the help of human hands; one machine making hundreds of pairs daily.

The $3.00 wage of the man who tends such a machine making, say, but one hundred and fifty pairs of shoes a day, is therefore distributed as the labor cost over this entire product. Let his wage be reduced by $1.50 per day; the reduction of the wage is one-half (150 cents), while the reduction in the labor-cost of producing a single pair of shoes is but one cent. Should he need to buy a pair of shoes, he would find the retail price reduced no more than one cent, if at all. This illustrates the distant relation between reduction of wages and of prices.

112. How would prices be affected by reducing the entire labor-cost of a pair of shoes one-half?

The entire labor cost of a pair of shoes, would include many other items besides the wage of the one man tending this machine; it would include a share of the pay of foremen, engineers, office-help and of everyone directly and indirectly employed in its production.

Volume XX. of the Reports of the Tenth Census, at page 14, gives the entire labor-cost of a pair of shoes (first quality) in Massachusetts in 1880, as 22 cents. Since that date, twelve years ago, great improvements have been made in factory machines, by which the labor-cost has been greatly reduced.

Estimating it, however, at 22 cents, with the shoes retailing at even $2 per pair, a sweeping reduction of one-half in wages, or 11 cents per pair, would reduce the selling price to $1.89. The saving to the wage earner in the price of shoes, would compensate only in a small fraction for the reduction of his wage by one-half.

113. How would prices be affected by reducing the entire labor-cost of manufactured products in general?

Cotton goods, woolen goods, clothing, hats, tools of all kinds, furniture, carpets, wall paper and house furnishings of all kinds, are to-day largely the product of machinery. The wage element is important, but is so small a money factor of the cost of production, that to reduce it would not result in any corresponding reduction in the price of the finished product.

The great food products of the country are no exception. Machines sow the seed, tend, harvest and thresh the crop. Machinery grinds the wheat, slaughters the animals, cans the fruits and meats, and transports the products to market. A large reduction of wages among the great army of food producers would but slightly reduce the price of food to the consumer.

114. How would the prices of mental products be affected by a general reduction of wages?

Besides prices of the products of mechanical and physical labor, the wage-earner is largely interested in the price of the product of mental labor. He is no small factor in the support which makes possible the wide distribution of lecture bureaus and amusements of all kinds. The price of admission tickets to such entertainments, therefore come into his count of reductions. The price of sending his children to school and college must be reduced, even though professors have to accept smaller salaries to accomplish it. Legal fees must be minimized in exactly the same proportion as his wages.

115. What has been the general course of wages and of prices since 1865?

In *The Forum* for May, 1892, Mr. Atkinson sums up the situation, as regards prices and wages under protection, as follows: "There has been during the twenty-seven years since 1865, subject to temporary variations and fluctuations, a steady advance in the rate of wages, a steady reduction in the cost of labor per unit of product, and a corresponding reduction in the price of goods of almost every kind to the consumer."

Agriculture and the Tariff.

THE subject of tariff rates on agricultural products, is graphically presented in a series of charts on pages 22 and 23, comparing the rates under the Tariff Law of 1883 with those under the McKinley Law of 1890, and also the proposed rates of the Mills Bill, with the McKinley rates. On page 40, is given a graphic study comparing the price of agricultural products before and after the enactment of the McKinley Law; on page 42 a historical study of the prices of representative agricultural products since the Civil War. The exchange values of agricultural products for manufactured products since 1865, are exhibited on page 44, in order to show whether the relative reduction in price has been greater in agricultural or manufactured products. On page 63, is a study portraying the amount of the chief agricultural products imported from foreign countries for the years 1881-1891, but which could have been produced in the United States. STUDY 29, on page 68, shows how large a part of our total exports consists of agricultural products, and on page 69 is given a classification of domestic exports, comparing the amount of the chief agricultural exports, together with the chief exports of manufactures.

Protection of Agriculture.—The manufacturer has occupied the foremost place in almost all tariff discussion and legislation since the organization of the government until recent years, so much so that he is compared to the "robber baron" by the enemies of protection. Yet it is beyond question that he has shared benefits largely with the farmer in later tariff enactments.

Imports of Agricultural Products.—Some of the chief articles of agricultural production imported in 1891, were the following: wool, seventeen million dollars; tobacco, seventeen and one-half millions; vegetables, nearly eight millions; breadstuffs, nearly four millions; rice, three and one-half millions; animals, nearly two and one-half millions; oranges and seeds, each nearly two and one-third millions; eggs, flax, hops and provisions, each between one and two millions.

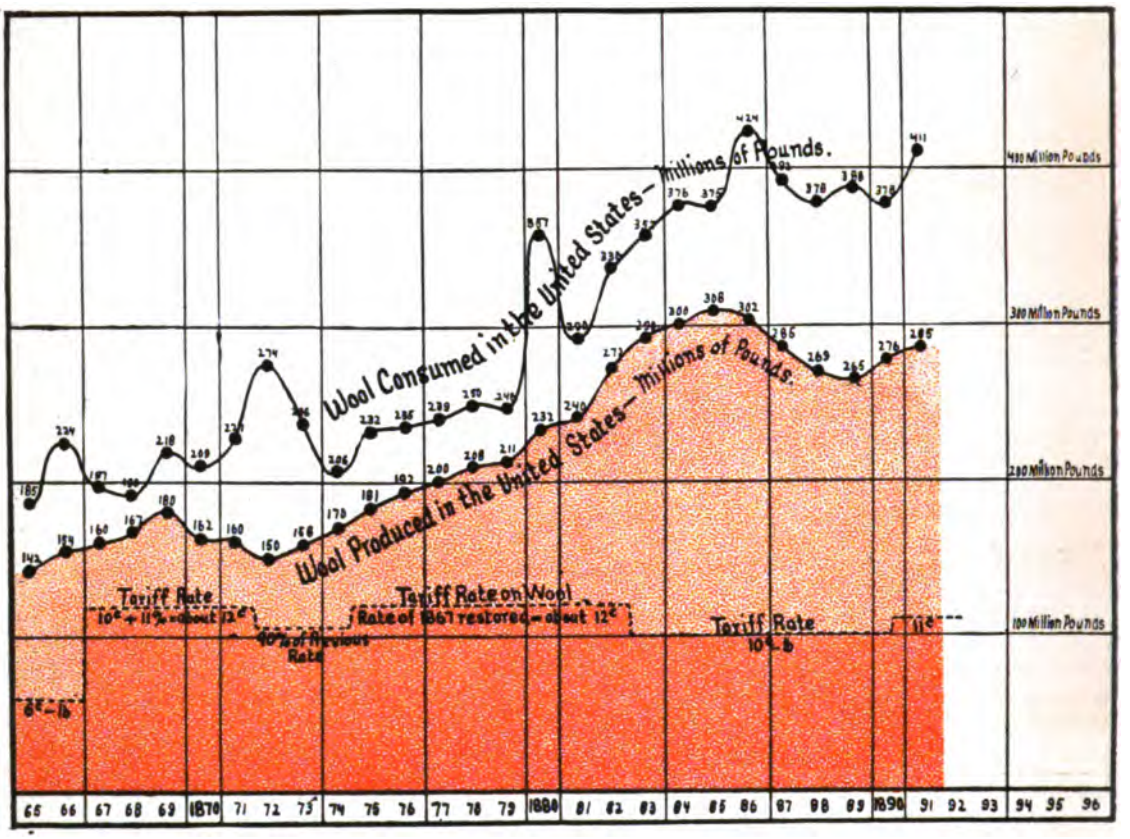
Altogether the annual imports of purely agricultural products (unmanufactured) amount to nearly fifty million dollars. If the imports of articles manufactured from wool, tobacco, etc., produced in foreign countries, were also included, this total would be nearly doubled, aggregating from one-ninth to one-eighth of the entire annual imports (see page 67) of the United States.

The articles enumerated in the foregoing list are all freely produced in this country and by proper legislation the amount required by the total consumption could probably be supplied by home production. Whether California and Florida could develop the product of oranges to meet the consumption is perhaps questionable, although the production there is advancing rapidly. Georgia and adjoining States would easily produce the rice.

The present consumption of imported sugar amounts very nearly to one hundred million dollars per year (98.1 million, in 1891). Should the beet sugar production be developed in the United States as in France and Germany this enormous sum would be kept here to enrich our own people and the result would be one of the greatest triumphs ever achieved by any economic system.

The Woolen Industry.—In discussions of agricultural interests one important feature of the wool industry is likely to be overlooked or intentionally kept in the background. The wool value of good sheep has always been much more important than the mutton value. The farmer has, therefore, given his attention to increasing the fleece represented by each animal rather than to increasing the number of animals. To feed and care for one animal for five pounds of wool annually is much better economy than to feed and care for two animals for the same production. The result is forcibly shown in the returns of the Eighth, Ninth and Tenth Censuses. The average fleece of 1860 weighed $2\frac{1}{10}$ pounds, that of 1870, $3\frac{1}{2}$ pounds, and of 1880, $4\frac{3}{4}$ pounds. In Ohio, the greatest wool-producing State, the weight increased from $4\frac{1}{2}$ pounds in 1870 to $5\frac{1}{10}$ in 1880; in California, the second wool-growing State, from $4\frac{1}{10}$ to $4\frac{4}{10}$; and in the third wool-growing State, Michigan, from $4\frac{3}{4}$ to $5\frac{3}{4}$. Several States show even greater proportionate gains, and when the figures of the Eleventh Census appear, they will undoubtedly show still greater gains in the same direction.

Wool Production and the Tariff



GRAPHIC STUDY, No. 31.

Explanation.—See page 13, for general explanation of this STUDY.

QUERIES ANSWERED.

116. How has the duty on wool varied since 1867?

Under the Act of 1867 the rates of duty on the ordinary grades of wool was practically doubled. The high tariff rates established in 1867 were maintained practically until 1883 (the reduction of 1872-1874 was too slight and brief to have noticeable effect).

117. What was the effect of the increased rate of 1867?

A great agricultural industry, involving the rearing of animals, cannot change quickly. The permanent increase of production is seen to have begun about six years after the increase of rate, and it went steadily forward until 1886, as the chart plainly shows.

118. What was the effect of the tariff changes on the number of sheep grown?

The number of sheep varied but little from 1868 to 1880, when it increased rapidly until 1883. The uniformity in the number of sheep until 1880, and the fact that the years 1886 to 1890 show almost the same total number as the previous period, furnish the free-trader figures for claiming that there has been no development of the wool industry since 1867. It would be equally just to hold that New York and Boston are not greater cities than ten years ago, because there are no more acres of ground in them. The farmer has worked for a production of wool, not carcasses (see last paragraph of page 47).

119. Did the reduction of tariff in 1883 reduce the wool product?

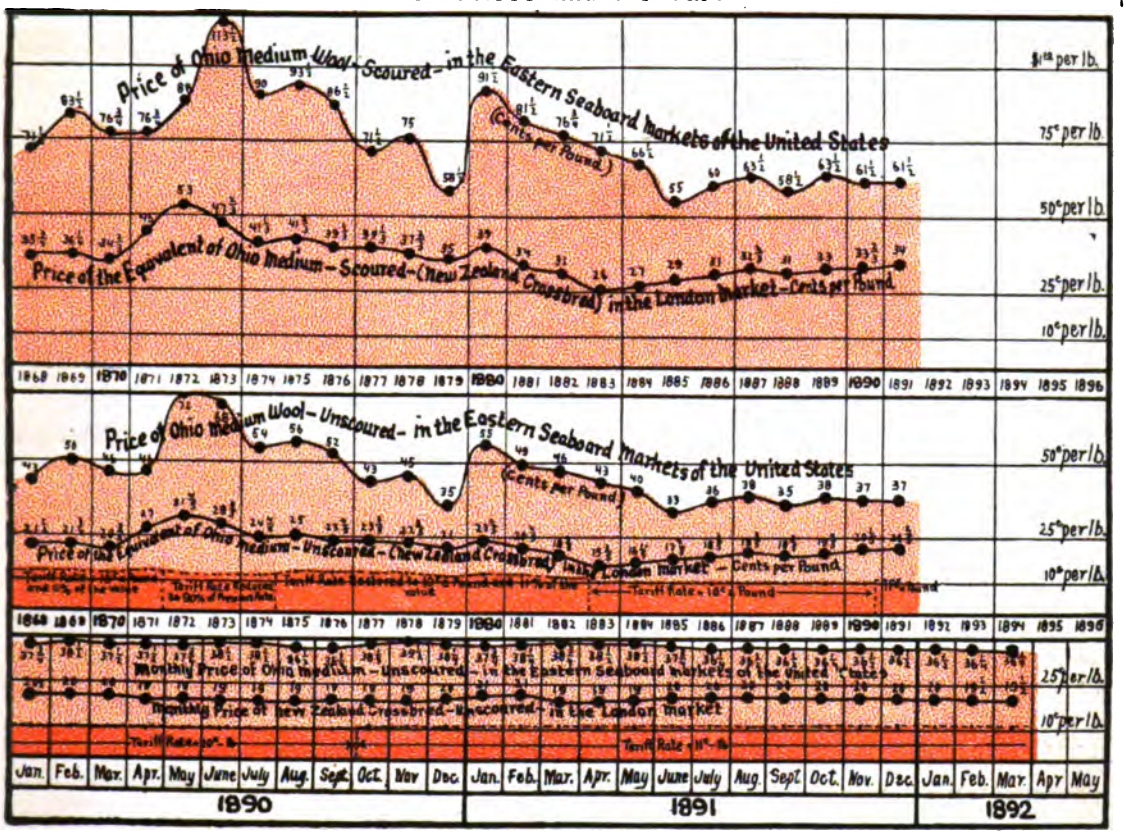
The above graphic exhibit shows that the rate of increase of wool was checked at once, but not wholly overcome until 1886, about four years after the act; this is as soon as such a reduction could be expected, for the best wool producing sheep would naturally be saved longest, and such a selection would tend to retard the decrease of the wool product for a time.

120. Was the number of sheep reduced, following the tariff act of 1883?

The slaughter of sheep was so great as to reduce the total number by thirty-two millions in three years, and by 1888 there were less than three fourths as many sheep as in 1883. It is, evident that this slaughter was chiefly of sheep

AUTHORITY.—The figures for *Consumption* and *Production* are from the "Statistical Abstract of the United Sates," 1901, p. 204. The *Tariff rates* are from "The Existing Tariff on Imports into the United States, together with Present and Past Tariffs," etc., pp. 1,075 and 1,147, published by the Treasury Department; and Treasury Department Document 1,372, Part II., page 32.

Wool Prices and the Tariff



producing the lightest fleeces, or the wool product would have been more largely reduced.

121. How nearly does the wool product of this country supply the home market?

Above the upper edge of the color (on the chart of Wool Production above), is a line of dots representing the entire annual home consumption of wool in the United States, showing that not enough American wool is produced to supply the home market. If the rate of increase in the production experienced from 1872 to 1882 had continued, it appears that the production in 1892 would have nearly if not quite equalled the consumption.

GRAPHIC STUDY, No. 32.

Explanation.—The plan of this STUDY is the same as that on page 13.

QUERIES ANSWERED.

122. Are the American and English prices given for the same grades of wool?

Justice Bateman & Co., who furnished the prices (see foot note below), state that, "There are perhaps no wools in the world that are so nearly alike and so suitable for a fair comparison of European and American prices as New Zealand Crossbred, and Ohio Medium, as they are both spun to the same count. One may be substituted for the other without causing any difference in the appearance of the finished cloth. Both are of $\frac{3}{8}$ to $\frac{1}{2}$ merino blood, and they each shrink forty per cent. in scouring."

The middle chart of the three on page 49, gives the prices of unscoured wool, and therefore the lower line of dots (the English price), shows approximately what the American wool grower would have received for his wool, had there been no tariff or ocean freights between the home market and London.

123. Why is the difference in the prices of scoured wool greater than in unscoured?

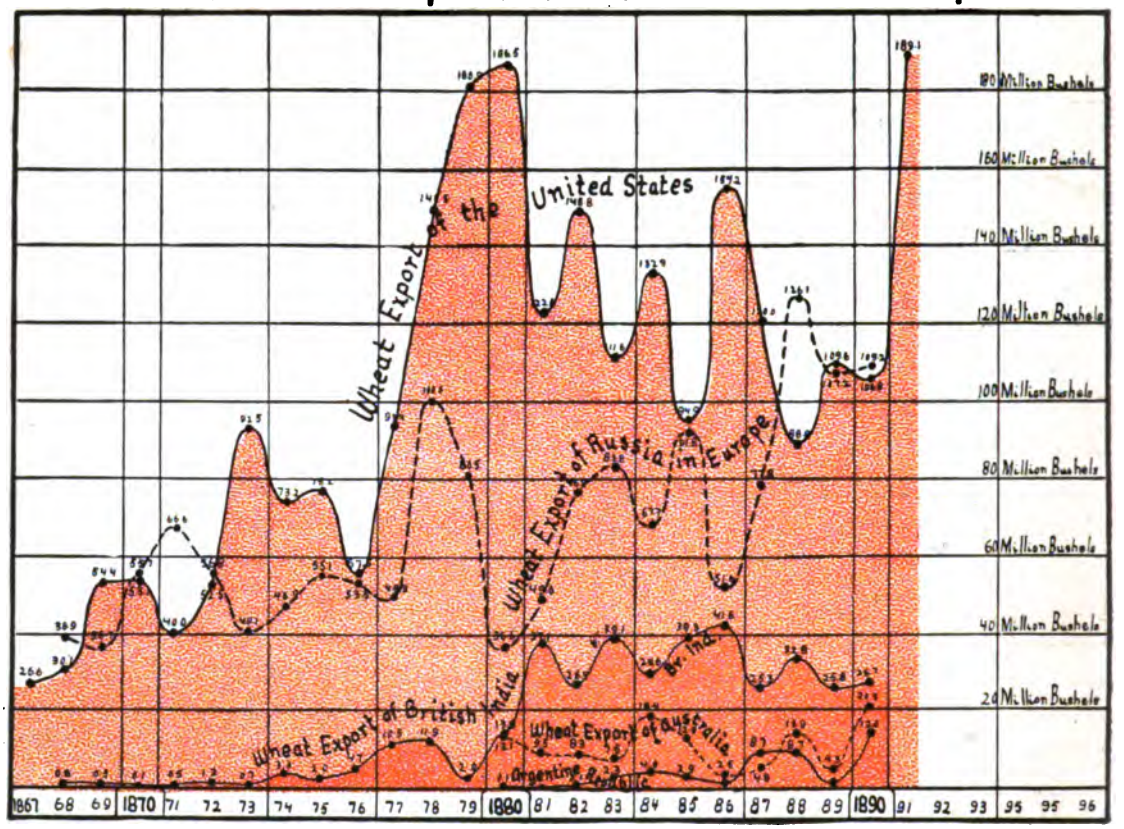
It requires more than a pound of unscoured wool to make a pound of scoured wool, and the cost of the labor in scouring must be included. (See upper chart above.)

124. Did the McKinley law cause any change of wool prices?

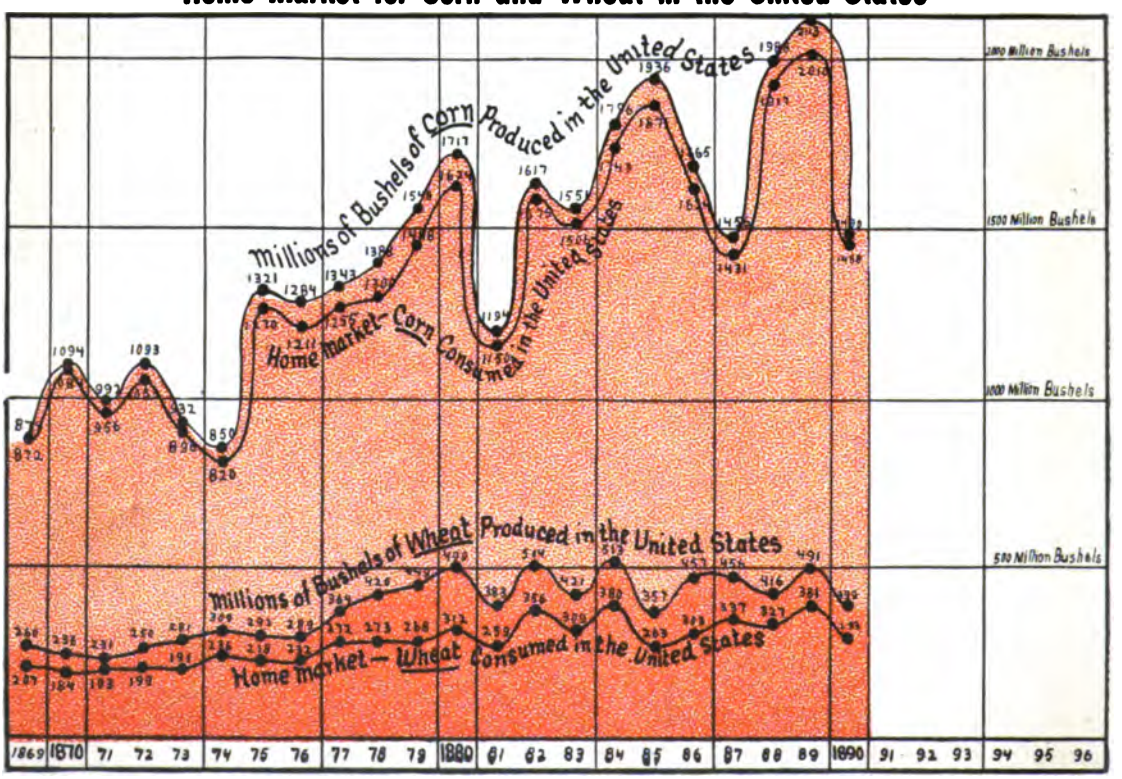
The lower chart of the three shows the American and English prices, month by month, from January, 1890, to March, 1892, and establishes the fact that very slight changes have occurred in either country, much newspaper talk to the contrary notwithstanding.

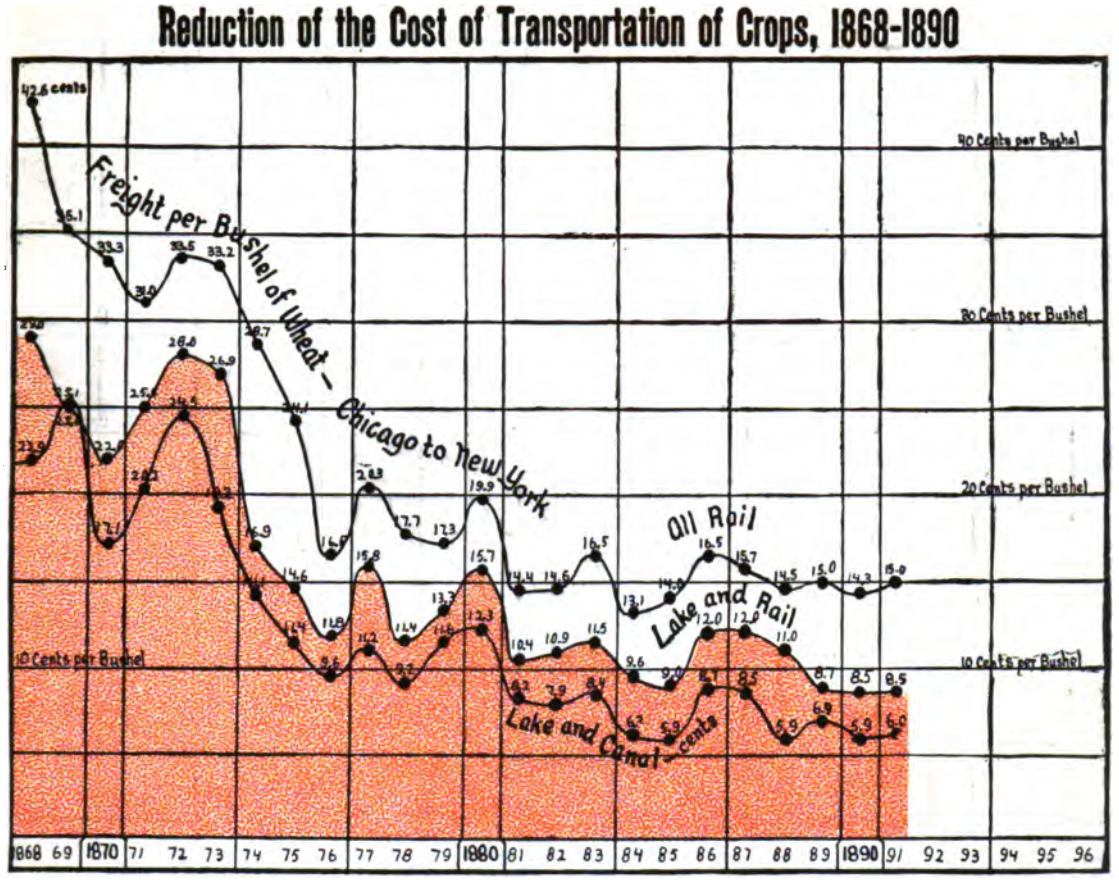
AUTHORITY.—The *annual* prices of wool here used were published by Justice Bateman & Co., Wool Commission Merchants of Boston and Philadelphia, in their Monthly Bulletin of May, 1892. The *monthly* prices were furnished by them for this work. The authority for *Tariff rates* is stated in the foot-note on page 48.

Bushels of Wheat Exported from the United States and Europe



Home Market for Corn and Wheat in the United States





GRAPHIC STUDIES, Nos. 33-34-35.

Explanation.—See page 13, for general explanation of the plan of this STUDY.

QUERIES ANSWERED.

125. What countries most largely supply the foreign wheat markets?

The United States, Russia, British India, Australia and the Argentine Republic in the order named. The upper exhibit, page 50, shows that Russia and the United States supplied nearly equal amounts from 1867 to 1877.

Since 1880 British India, Australia and the Argentine Republic have supplied an average of forty million bushels annually.

126. How do the home and foreign markets for wheat and corn compare?

The United States export of wheat is represented in the lower exhibit on page 50, by the space between the two lower lines of dots in the darker color, while the home market is represented by the much larger space beneath. On an average the home market is about three times that of the foreign market. The upper two lines of dots in the lighter color, show that the home market for corn is about twenty-five times the foreign market and taking the two together, the value of the home market is at least ten times that of the "markets of the world."

127. Does the saving on transportation make good the reduced price of wheat?

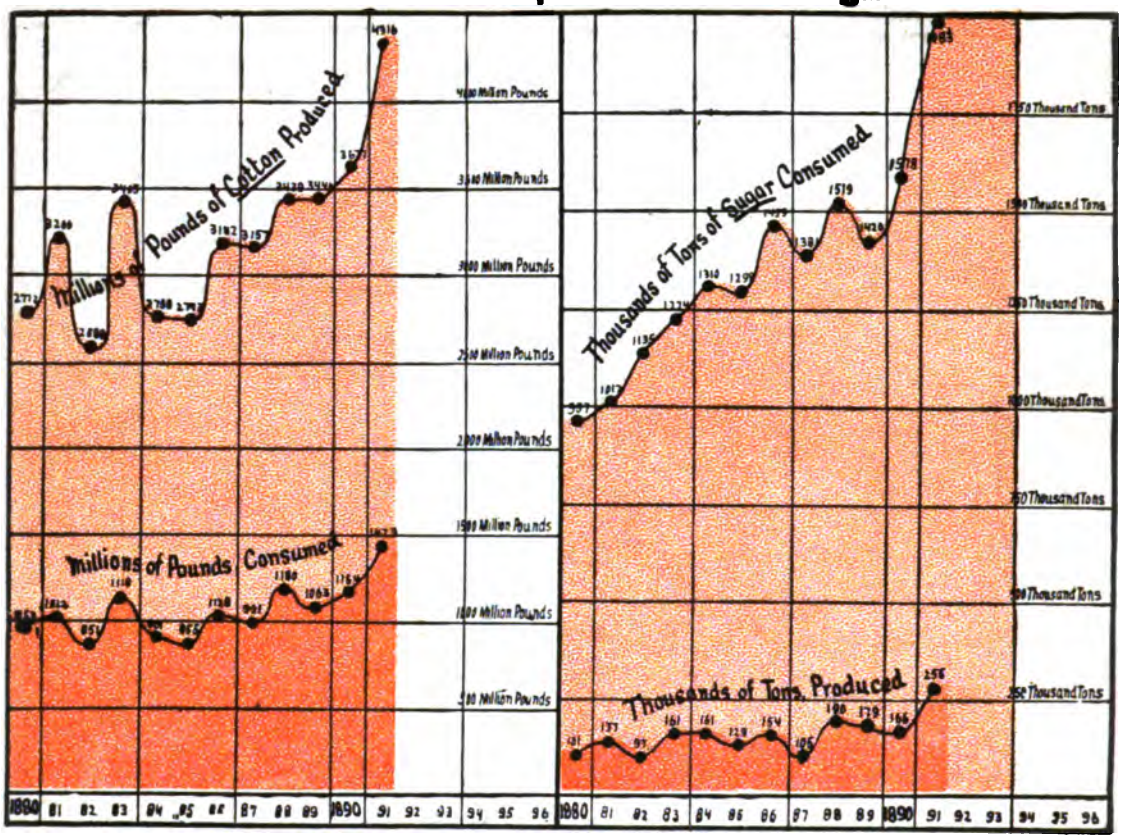
GRAPHIC STUDY 35, above, shows a very great and steady reduction since 1868 in the cost of transportation of crops. Taking the price of wheat during the same period, it appears that after deducting the low freight-rate of the past few years, averaging since 1880 about 7 cents per bushel (all water), and 15 cents per bushel (all rail), the producer would not have as large a net price, as after deducting the higher freight rates of former years.

128. Would the larger net price of the earlier years buy more or less than that of the later years?

Making the computation from the figures shown in the GRAPHIC STUDIES on pages 27 and 29, it appears that the wheat-grower could buy nearly one-fourth more of either cotton goods or iron manufactures with the smaller net price obtained for wheat since 1880, than with the higher net price of previous years.

AUTHORITY.—*European Export of Wheat*, "Annual Report on Foreign Commerce," 1891, p. 37; *American Export of Wheat*, "Statistical Abstract of the United States," 1885, p. 154, and 1890, p. 196, supplemented by special reports of the U. S. Bureau of Statistics; *Home Market for Corn and Wheat*, "Statistical Abstract of the United States," 1890, p. 196, and 1891, p. 209; *Reduction of the Cost of Transportation of crops*, "Statistical Abstract of the United States," p. 273.

Production and Consumption of Cotton and Sugar



GRAPHIC STUDY, No. 36.

Explanation.—The line of dots and accompanying figures at the top of the light color in the cotton chart, and of the dark color in the sugar chart, show the variations in the production for each year from 1880 to 1891, as indicated by the figures below the color.

QUERIES ANSWERED.

129. What is the home market for Cotton?

The left-hand chart of the above exhibit shows that the consumption of cotton in the United States (home market) is much less than the product, while in the case of wheat and corn, presented on page 50, almost the entire product was consumed in the home market. The average consumption of cotton (home market) for the eleven years, 1880-1891, has been only a little more than 1,000 million pounds, while the product has averaged over 3,000 million pounds. The average amount furnished to supply the "markets of the world" has therefore been a little more than 2,000 million pounds, showing that the home market for cotton is only half as important as the foreign market.

130. What would improve the home market for Cotton?

In 1891 over 20,000,000 pounds of cotton were imported, free, valued at nearly three million dollars. A sufficient duty would stop this import and add so much to the home market for the cotton-producers. The *American Economist* of May 13, 1892, states that England in 1784 passed an act "which made the importing or wearing of foreign cambrics and French lawns a misdemeanor, punishable by heavy fines." Should the United States take such heroic measures, a home market for the whole product, large as it is, would soon be provided.

131. What is the home market for Sugar?

The right-hand exhibit above, shows by its upper line of dots the home market for sugar, and by the lower line what the home product is. In this case the situation as to cotton, is entirely reversed. The United States consumes nearly eight times as much sugar as it produces, and the home production, not the home market, needs improving.

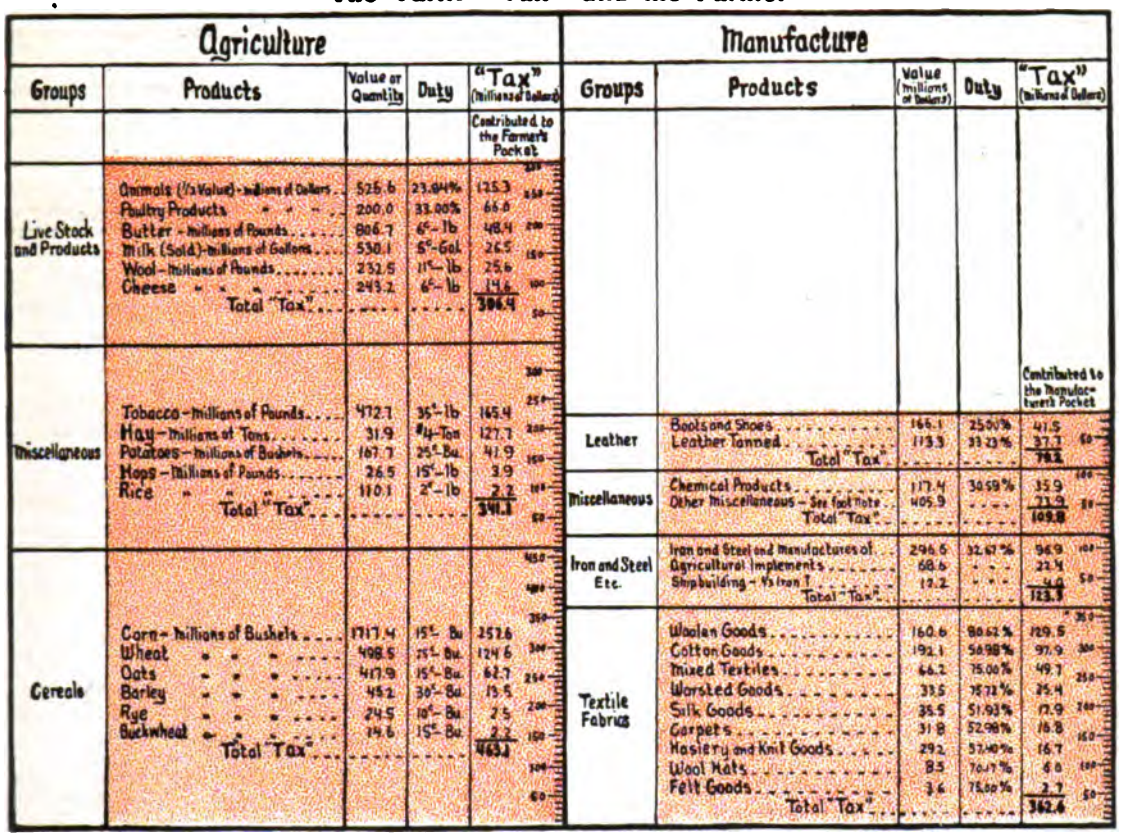
132. What would increase the home production of Sugar?

The McKinley law provides a bounty of two cents per pound for the home production of sugar, with the object of developing this industry.

The chief hope lies in encouraging the production of beet sugar, because the climate and soil adapted to its production cover a broad area. The beet sugar industry has been wonderfully developed in Europe by a system of

AUTHORITY.—For Cotton, p. 205 of the "Statistical Abstract of the United States," 1891; for Sugar, p. 217 of the same.

The Tariff "Tax" and the Farmer



bounties, and it would be natural to expect the same results here, in a country having all the natural advantages of Europe.

To make the bounty in this country effective, it must at least be sufficient to make good the difference in the cost of production in the two countries, allowing for the cost of freights, on the one hand, and the lower European wages on the other.

133. How much Beet Sugar is produced in the world?

The "Encyclopædia Britannica," Vol. XXII., p. 628, shows, by the tabulated product of all countries, that considerably more than half of the sugar annually produced is made from sugar beets. This fact is strong proof that the production of beet sugar has passed through the experimental stage and has become one of the chief permanent industries of the world.

134. How does the consumption of Sugar, as food, compare with that of Wheat?

The consumption of sugar in the United States in 1891 was 69.4 pounds for each man, woman and child ("Statistical Abstract of the United States" for 1891, p. 217). At five cents per pound this makes $3.47 for each person. The annual consumption of wheat, is about five bushels per capita, which at $1 per bushel (see page 42) shows a value only about one-third greater than that of the sugar consumed by each person. The consumption of sugar in the household has amounted to so large an item of food only in comparatively recent years. The time is easily recalled when it was a luxury, and the sugar-bowl was carefully guarded from common use.

AUTHORITY—See foot note next page.

GRAPHIC STUDY, No. 37.

Explanation.—The difference in height of the two color columns marks the single graphic comparison of this STUDY. Each color column is measured by a series of scales printed at the right-hand edge of the color. The total for each subdivision of a column (printed in heavy black figures) is measured by the separate scale of that subdivision, as will be seen by comparing the total with the scale.

135. What is the object of this "Tariff Tax" Study?

One of the fundamental doctrines of free-traders is that the tariff is a "tax" not only on the actual imports, but also that the amount of the duty is, in all cases, added to the cost to the

NOTE.—The "other miscellaneous" manufactured products noted in the chart, are:

Products	Value. (millions of dollars.)	Duty. (Per cents.)	Tax. (millions of dollars.)
Lumber, sawed	233 3	10.00	23.3
Paper	55.1	28.35	15.6
Flouring and Grist Mill Products	63.6	20.00	12.7
Glass and Glassware	21.1	55.66	11.8
Brick and Tile	32.8	32.09	10.5

consumer of the home product as well, and that this additional cost is so much money poured into the pockets of the producer. This has been persistently published as an argument against the tariff on home manufactures, in articles representing the manufacturer as the "robber baron," who is absorbing the honest earnings of the farmer year by year.

Assuming that the tariff is such a "tax," the above STUDY, 37, shows the amount put into the manufacturer's pocket by this "tax" for the home product of all the manufactures of the country, and shows, on the same basis, how much is put into the pockets of farmers. This exhibit shows the absurdity of the claim that the tariff is such a "tax" in the case of either the farmer or the manufacturer.

136. Do the foregoing lists include all agricultural and manufactured products?

The list of manufactured products is more nearly complete than that of agriculture, as, for example, there is no official record of the great product in 1880 of vegetables, which are scheduled at 25 per cent. duty. The "truck farming" bulletin of the Census of 1890 reports a value of 95 million dollars for that year of garden products transported by common carriers, and this does not include the large gardening product raised near enough to the markets for transportation by private conveyance.

137. Why should only one-third of the value of Animals and of Shipbuilding be used in the comparison?

While the total pork product of the country is marketed annually, it is probable that only about one-fourth of the total value of horses, cattle and sheep is represented by the annual market. It would not be fair, therefore, to reckon animals at their full value, and one-third is more likely to be too little than too much.

Shipbuilding material, if of wood, is free of duty, but nearly one-third of the tonnage now produced is of iron (see page 90), which should be included.

138. Why is the value of Flouring and Grist-Mill Products put at only 63.6 million dollars?

While the Census Report puts the value of the product of flour and grist mills at 505.2 million dollars, it shows that the value of the material used (the wheat and corn) was 441.5 million dollars, and it is plain that the cost of the wheat and corn should not be counted on the side of manufactures. Had it been included, however, its *pro rata* increase would have amounted only to 88.3 million dollars, and would not reduce materially the immense balance in favor of agricultural products.

On the other hand, leather is counted twice among manufactures, once by itself and again in "boots and shoes."

139. Why is only "Milk Sold" included among agricultural products?

There is no means of knowing, officially, the great bulk of milk unsold, as the census made no account of that product.

140. Why is the duty on Tobacco put at 35c. per pound?

The tobacco schedule of the existing tariff gives various rates of duty to be collected on leaf tobacco, ranging from 35c. to $2.75 per pound, and although a large part of the product of the United States is of the tobacco bearing the high rates, yet, to give all advantage to those who call the tariff a "tax," the lowest rate is used in the comparison. If computed at even $1 per pound, the advantage to the farmer of the alleged "tax" on tobacco alone would amount to 472.7 million dollars, or more than two-thirds of the total "tax" computed on the entire list of manufactured articles.

141. Does the farmer share equally with the manufacturer in the benefits of the Protective Tariff?

It is a plain conclusion, from the STUDIES of this group (pages 47-53) that the farmer, comparing the prices and the exchange values of agricultural products and measuring his position with that of the manufacturer, has benefited no less than the manufacturer by the results of the Protective Tariff. He can buy larger quantities of manufactured products with a given amount of his own products than ever before. The effect of the serious check given to wool production in 1883 is passing away, and under the present tariff the wool-grower may hope to prosper again. The home market is clearly worth to the farmer many times that of the "markets of the world" for his wheat and corn, and it absorbs the entire supply of his minor products. Both the direct and the indirect effects of the Protective Tariff tend to secure the home market to him and to make it larger each year, while the markets of the world are glutted by products from many other countries. And, finally, if "the tariff is a tax" the farmer is, by large odds, a greater gainer by such a "tax" added to all his products, and is, by the same token, a greater "robber baron" than the manufacturer.

AUTHORITY.—For agricultural products, the values and quantities are the figures for 1880, given under the several titles in the "Statistical Abstract of the United States" 1891—except for butter, milk, cheese, hops and rice, which are from the Reports of the Tenth Census, and those for poultry, from the "Annual Report of the Secretary of Agriculture" 1889, p. 42.

The Census of 1890 has not yet reported the values of manufactures in available form for making the comparison, and it would manifestly be unjust to the free-trader to compare the figures of agriculture for 1890 with the figures of manufacture for 1880.

The values of manufactured products are from the Reports of the Tenth Census. The rates of duty on agricultural products are taken directly from the existing tariff law, except the following: that on poultry is the computation of Mr. J. Alexander Lindquist, in "Tariff Reform," Vol. 3, No. 16, p. 131; that on animals, as well as the entire list here given for manufactured products, is the duty actually collected in 1893, as recorded in the "Annual Report in regard to Imported Merchandise" for 1891, published by the Treasury Department of the United States.

Manufactures and the Tariff.

European governments in planting colonies had in view an increased market for their manufactured products, and the first conflict between this country and the mother country grew out of that fact. In 1719 Parliament forbade iron manufacture in the colonies, and in 1750 laid penalties against the maintenance of iron mills or steel furnaces. In 1731 the manufacture of hats was forbidden. Other similar acts were passed from time to time as colonial manufactures come into prominence.

It was this action in its various applications that led to the determination of the American colonists to make their own iron, their own hats and their own cloths, as well as to raise their own food.

Free Trade after the Revolutionary War.—Individual interest led each colony to strive to maintain its own supremacy, and while some erected tariff barriers against the manufactures of the old world, others not having engaged in manufactures admitted them free. They were easily carried across colonial or State borders into the manufacturing States.

The result was all but complete free trade, and the development of American manufacturing interests was as effectively hindered as though England had the same power to forbid it as before the Revolution. No other single interest moved the States more powerfully toward a stronger union, than the purpose to make the nominal independence a real one, in respect to all the sources of national support and prosperity.

Independence of American Industry.—It has been repeated so often that the first act of importance passed by the first Congress, was one "for the encouragement and protection of manufactures" that a single quotation, by way of authority, will suffice. Daniel Webster, in a speech at Albany, N. Y., August 27, 1844, said: "I defy the man in any degree conversant with history, in any degree acquainted with the annals of this country from 1787 to 1789, when the Constitution was adopted, to say that *protection of American labor and industry*, was not a leading, I might almost say, *the leading* motive, South as well as North, for the formation of the new government. Without that provision in the constitution, it never could have been adopted."

England's direct protective policy.—In her earlier history England was almost entirely an agricultural country, and was without manufactures; it is even recorded that at one time England sent wool to Flanders to have it made into cloth for Englishmen to wear.

As manufactures were developed in England, vigorous protective laws were enacted that built up these industries. Even as late as 1839, it was a criminal offense for Englishmen to export a piece of English machinery, lest other nations obtaining English looms should learn to weave cloth for themselves. Cloth could still be sent to other countries, but not looms. It was the settled policy of England by any and all means to control manufactures.

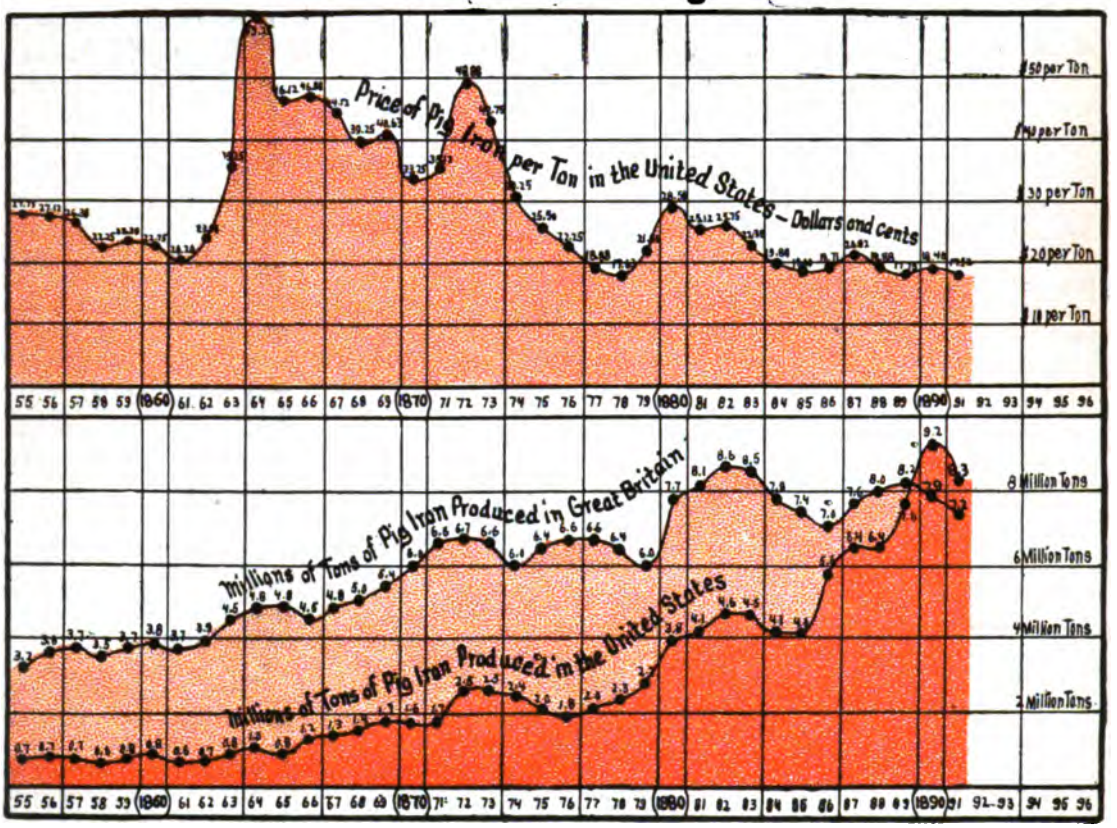
England's indirect protective policy.—England has never abandoned the policy of protection to her manufactures. The plan was changed, when it appeared that other nations were learning the value of manufacture, and that they would become manufacturers in spite of the direct protection policy.

English statesmen were persuaded that their manufacturing supremacy already gained could be held by making a sufficient bid for the markets of other countries, which they foresaw would surely be lost to England as fast as other nations became manufacturers for themselves. Hitherto, in order to sell bread in England, outside nations had been compelled to pay England's duties on bread. If now these duties were removed and other nations were offered an open market for bread, Englishmen hoped thereby to make it so advantageous to other nations to follow agriculture, that England's control of manufactures would be left undisturbed.

Success of England's policy.—For a few years the new policy succeeded. No longer obliged to pay high duties to sell bread to England other countries found agriculture more profitable; but after a time the world's agricultural supply so increased as to narrow the profits, and this turned their attention again to the manufacturing industries which gave Great Britain her wealth. Each decade witnesses a more earnest determination of all civilized nations to do their own manufacturing, and more vigorous measures are employed to that end.

England has succeeded under each of her protective plans so far as success was possible; her legislators were wise according to their necessities. The end of English manufacturing supremacy, however, is at hand. Neither the direct protection of high duties, nor the indirect policy of free trade, can longer maintain the manufacturing supremacy of a country whose area is too small to allow an expansion of the home market sufficient to consume her own product.

Production and Price of Pig Iron



GRAPHIC STUDY No. 38.

Explanation.—See page 13.

QUERIES ANSWERED.

142. What was the price of Pig Iron in the Low Tariff Period before the Civil War?

Fluctuations in the price of pig iron are so generally identical with those of other products given on pages 27, 31, 33, 42 and 46, as to be remarkable. Here again it is seen that the line of prices falls lower than during the Low Tariff Period before the Civil War, while wages for physical labor, skilled and unskilled, and remuneration for mental labor, were never at so high a point. This comparison again emphasizes the fact that prices of the present period are the lowest in the history of the nation.

143. What effect upon prices has activity in railroad building?

The elevations and depressions in the general course of the price line correspond fairly to greater and less activity in railroad building, excepting the range of prices from 1864 to 1869, which period falls within the very unsettled conditions immediately following the close of the Civil War

144. What was the duty on Pig Iron before the Civil War?

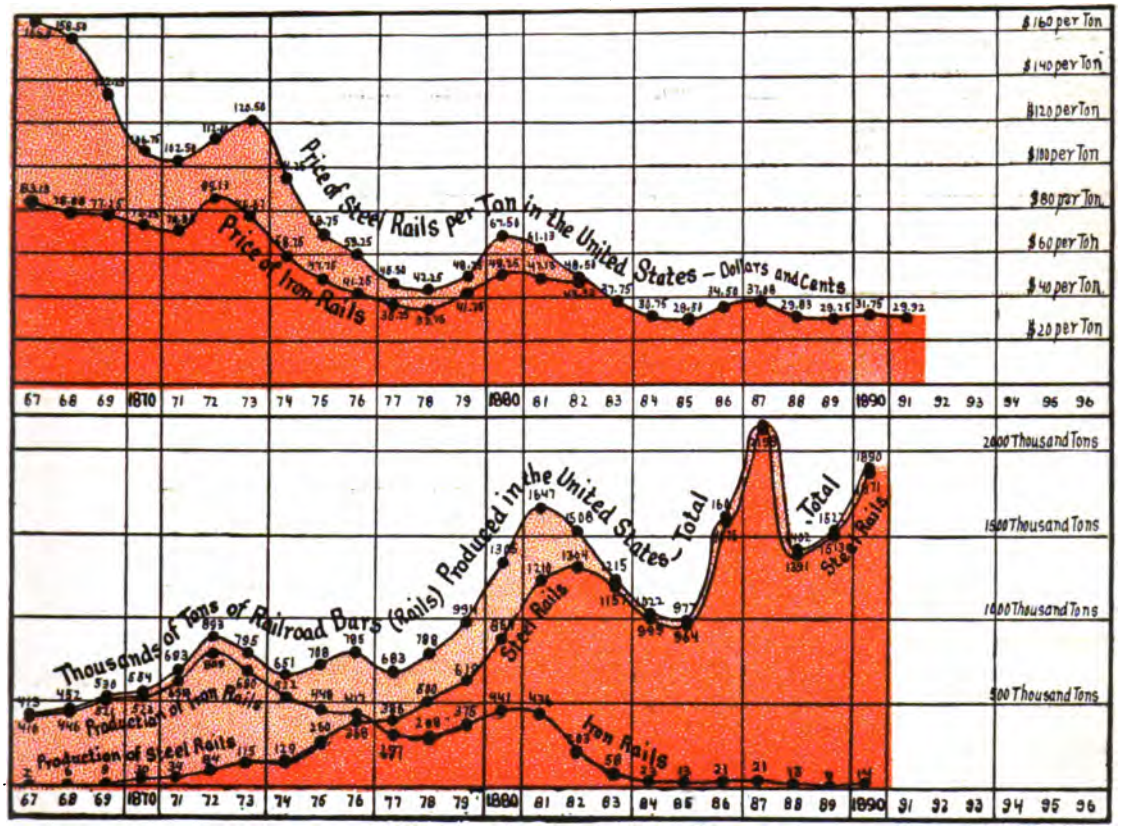
The duty laid on pig iron in 1857 was 24 per cent. of the foreign price, which amounted to nearly $4 per ton. In 1861 the duty was made specific at $6, and in 1864 was increased to $9 per ton, which more than doubled the protection, for the foreign price made no advance for several years. In 1870, the foreign price suddenly rose, and in 1873 practically reached that of the United States, since which date the English price has been but little lower than the American price.

145. Has production of Iron increased and the price decreased under protection?

The two lower lines of dots show the actual result of the protection. The United States has become the leading country of the world in production. The work of mining and smelting is all performed here, the wages go to our workmen, and the millions of wealth developed by changing the otherwise valueless ore into iron are kept in this country instead of adding to the wealth of other countries.

AUTHORITY.—*Prices*, from Reports of the American Iron and Steel Association, published in the "Statistical Abstract of the United States" 1891, page 335; *Production* of the United States, "Statistical Abstract of the United States," 1891, page 208; *Production* of Great Britain, from a paper read before the Royal Statistical Society, June 17, 1890, by George G. Chisholm, Esq., and for 1890 and 1891 from the Report of Mr. Jeans, Secretary of the British Iron Trade Association.

Production and Price of Railroad Bars



GRAPHIC STUDY No. 39.

Explanation.—For the plan of this STUDY, see the explanation on page 13. The price of iron rails is not given later than 1882, for the reason that the production and use of iron rails was practically discontinued after that date.

146. What reduced the price of Steel Rails?

The manufacture of steel rails was very small previous to 1870, as will be seen by the chart of production below the price chart, while the production of iron rails was much greater. New processes cheapened the cost of steel, and the manufacturers were thereby able to reduce the price.

147. Was there a High Protective Tariff on Iron and Steel Rails?

All productions of iron and steel bore a high rate of duty under the war tariff, and when the war tariff was in part abandoned, 1868–1872 (see chart on page 15), iron and steel products were kept on the protected list. Although the duty on pig iron was reduced in 1870 from $9 to $7 per ton, iron and steel rails were not changed from their former rates, $14 and $25 respectively.

148. Did the product of Steel Rails increase under the Protective Tariff?

The lower chart of this STUDY shows that while production has varied, owing to the extremes of activity in railroad building, it has steadily increased on the whole.

149. Did the production of Iron Rails increase under the High Tariff?

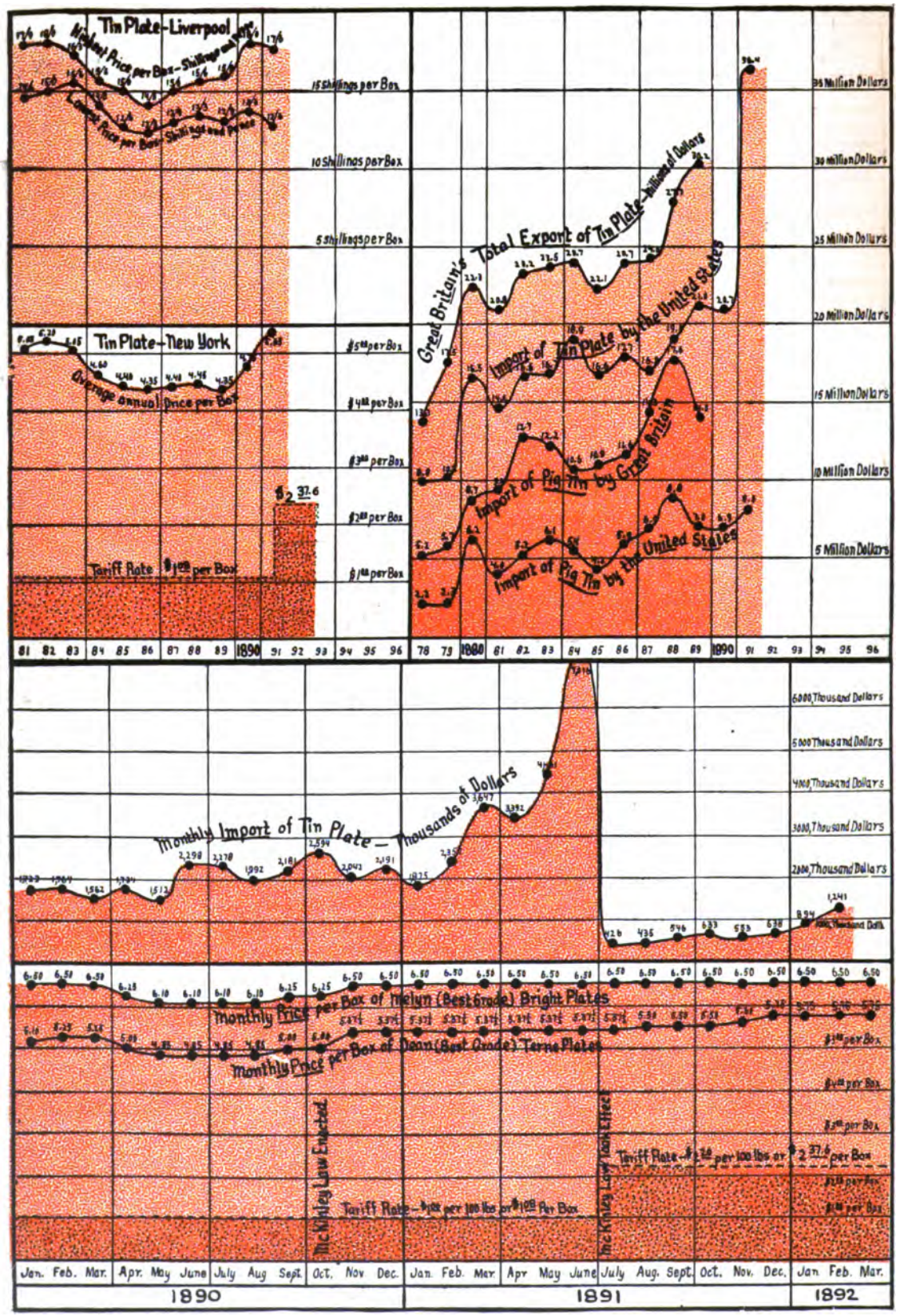
A high protective rate of duty will not, of itself, increase production, except in the case of an article for which there is a natural demand. New processess of steel manufacture reduced its cost of production almost to that of iron. Steel rails wear longer, and therefore have a stronger natural market, than iron. They had also a higher rate of protection after the cost of production was reduced.

150. When did the production of Iron and Steel Rails become equal?

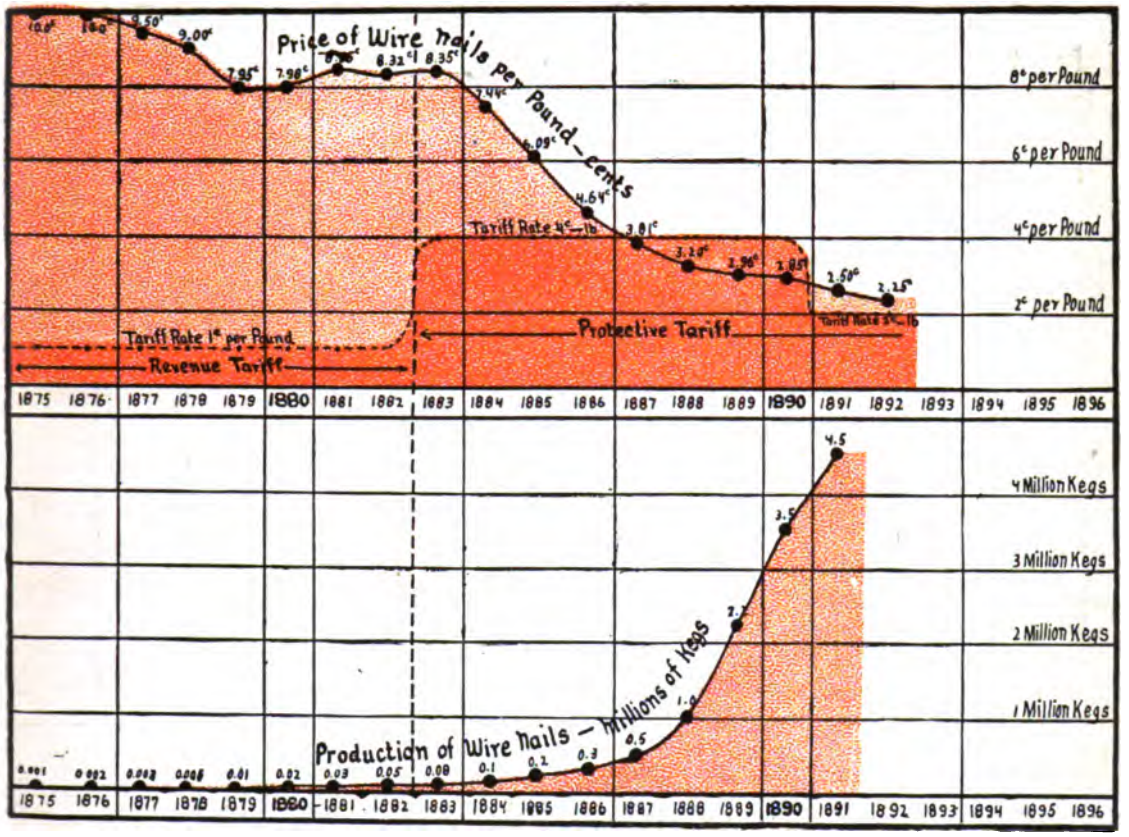
The reduction in the product of iron rails began, as the chart plainly shows, in 1873. The production of steel rails continued steadily to increase, and between 1876 and 1877 the lines cross, giving the supremacy to steel rails since that date.

AUTHORITY.—*Price*, from the Report of the American Iron and Steel Association, published in the "Statistical Abstract of the United States," 1891, p. 335; *Production*, "Statistical Abstract of the United States," 1891, p. 208.

Tin Plate and the Tariff



Wire Nails and the Tariff



GRAPHIC STUDIES, Nos. 40-41.

Explanation.—See page 13.

QUERIES ANSWERED.

151. How much did the McKinley law increase the duty on tin plate?

The dark shade in the two charts on the opposite page shows that the increase of duty in 1891, more than doubled the rate. The McKinley law, although made operative on October 6, 1890, in most of its provisions, did not affect tin plate until July 1, 1891.

152. Did the price of tin plate advance in 1890 and 1891?

The two charts in the extreme upper left hand corner of the opposite page show that the Liverpool price advanced steadily until 1890 and declined in 1891, and that American importers did not follow the Liverpool price in 1891, but advanced the price instead.

153. Where does Great Britain market its tin plate?

The two upper lines in the upper right hand chart opposite, show that the United States has bought annually about three-fourths of the total English output.

154. How did the McKinley law affect the import and price of tin plate?

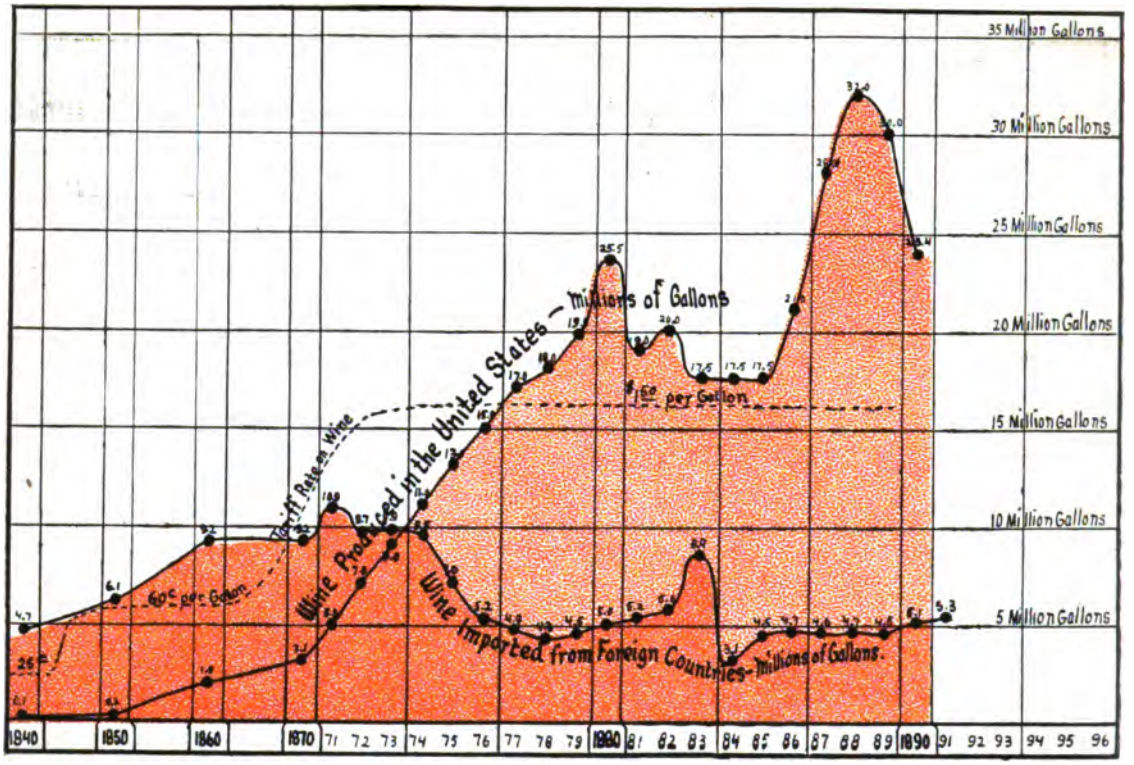
The charts of *monthly* import and price of tin plate, on the lower half of the opposite page, show (1) that the import by the United States was enormously increased for the four months preceding July 1, 1891; and (2) that the price was advanced about one-fourth as much as the increase of duty, in November 1890, eight months before the McKinley law took effect, and made no advance thereafter.

155. What was the price of wire nails after the increase of duty in 1883?

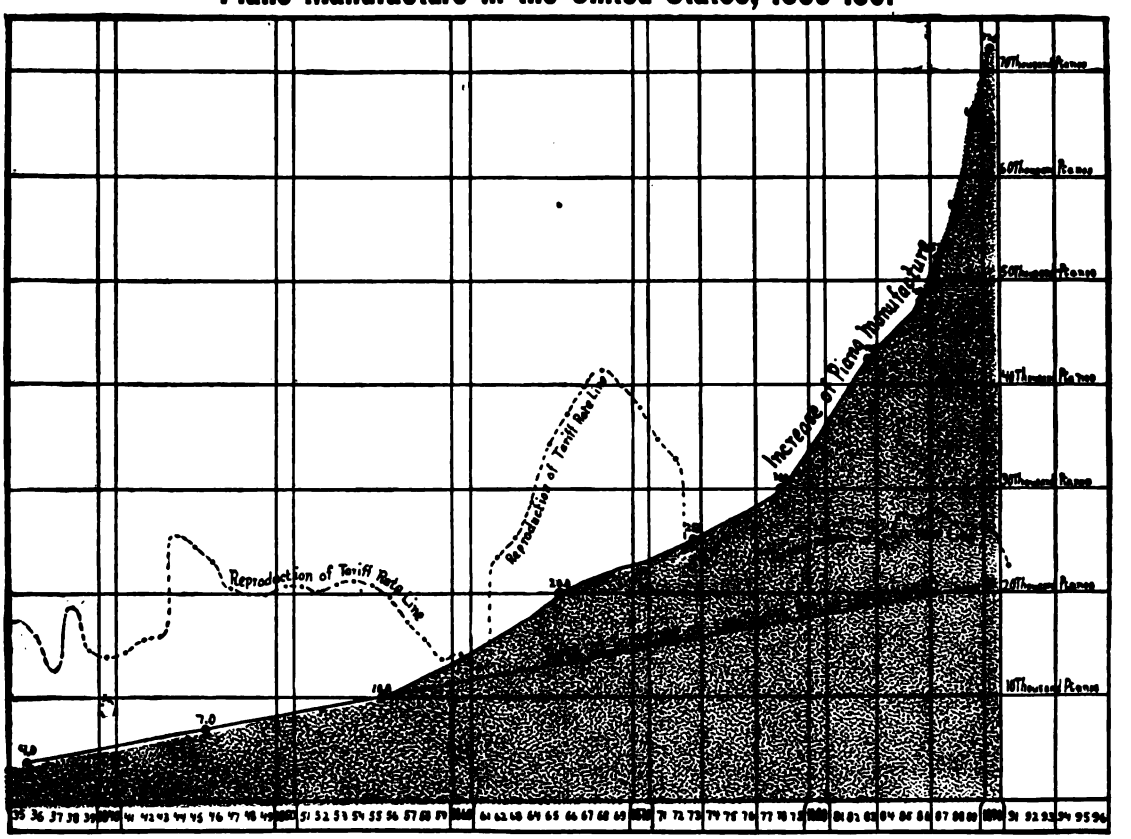
The above STUDY, No. 41, on "Wire Nails and the Tariff" shows emphatically the commercial effect of well-applied protection: (1) The upper chart shows that, after the tariff-rate was quadrupled in 1883, the price decreased rapidly, and in 1887 became less than the duty. (2) The lower chart shows production greatly developed with a corresponding increase in labor provided for America, and a consequent increase in the share of capital paid as wages.

AUTHORITY.—*Prices of Tin Plate*: (annual) "Tin and Tin Plate," by Jos. D. Weeks, 1892, pages 23 and 24; (monthly) "The Metal Worker," of January 9, 1892. *United States Import of Tin and Tin Plate*, collated from the several "Annual Reports in Regard to Imported Merchandise," published by the Treasury Department. *Great Britain's Export of Tin Plate and Import of Tin*, from the "Statistical Abstract of Great Britain, 1890," pages 96 and 64. *Monthly Import of Tin Plate* by the United States, from the monthly "Summary Statement of the Imports and Exports of the United States" for the months represented; *Prices and Prod ct of Wire Nails*, furnished by A. R. Whitney & Co., iron and steel merchants, New York; *Tariff on Wire Nails*, "The Existing Tariff, together with Present and Past Tariffs," published by the United States Bureau of Statistics, 1888, p. 1114, and "Treasury Department Document No. 1372" (Second part), p. 15.

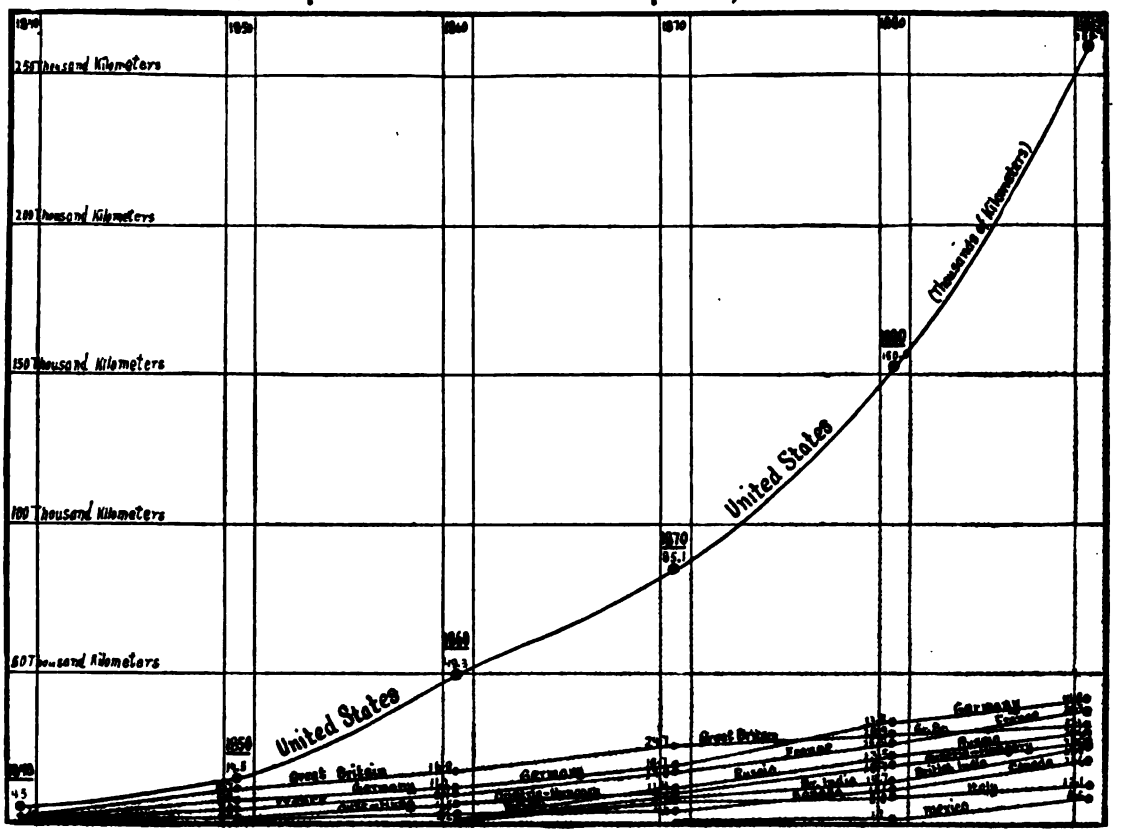
Production of Wines in the United States



Piano Manufacture in the United States, 1835-1891



Transportation--Railroad Development, 1840-1889



GRAPHIC STUDIES, Nos. 42-43-44.

Explanation.—See the general explanation, page 13. The tariff rate on wine is indicated in STUDY 42 by a dotted line and accompanying figures. The reproduction of the tariff rate line in STUDY 43 on piano manufacture, is taken from pages 14 and 15.

QUERIES ANSWERED.

156. Has the production of pianos increased under a protective tariff?

The remarkable increase of production, corresponding with that of wire nails on the preceding page, again illustrates the development of manufactures under protection. The chart line extending the rate of increase of production for the three decades, 1830-1860, under the low revenue tariff period, to 1890, marks a strong contrast with the actual rate of increase of production under the protective tariffs since 1860. The duty on musical instruments in 1857 was 15 per cent. *ad valorem*. The war tariff doubled the rate, making it 30 per cent.

The decrease in price for a given grade of pianos, has been as marked as the increase of production, as is well known by all acquainted with piano prices.

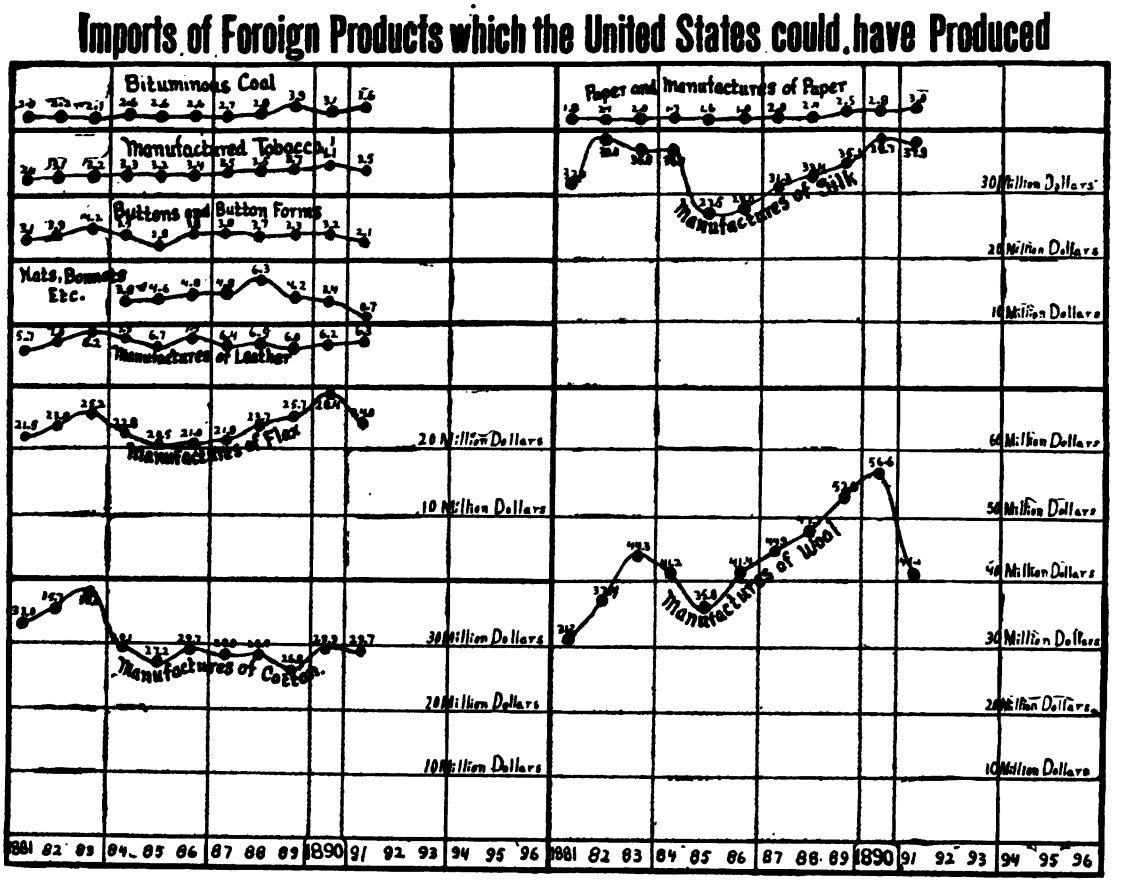
157. Has the production of wine increased under a protective tariff?

In 1840, under a tariff rate of 25c. per gallon for the best grades of wine, only one gallon of native wine was produced for forty-seven gallons imported; in 1860, under a duty of 60 cents per gallon for the best grade, the production of home-made wine was one gallon to every five gallons imported; under a duty since 1872, of approximately $1.50 per gallon for the best grades, the home production exceeded the import in 1874, and since 1880 the average product has been about five times the import.

158. How has railroad development increased in the Protective Tariff Period?

The development of industry under protection does not stop with the articles directly protected. The great increase of manufactures requires increased transportion for the materials used in manufacture and for the manufactured product, and also of food supplies for the workmen. It reaches out therefore into all branches of production, and all lines of transportation. The above chart shows how the development of railroads has proceded in the United States, the country having the highest protection, as compared with those having less protection.

AUTHORITY.—For *Piano Manufactures*, "Tariff Reform" Vol. iii. No. 20, p. 374; for *Production and Import of Wines*, "Quarterly Report of the Treasury Department, Relative to Imports, Exports, etc.," 1890-91, No. 1, p. 249; for *Railroad Development*, "Introduction to Poor's Manual of Railroads," 1884, pp. cli. and cliii. and 1891, p. xx.



GRAPHIC STUDIES, Nos. 45-46.

Explanation.—These two STUDIES really present more than a score of separate studies, each of particular interest. Each line of dots shows the variations in the value of an important article of import from 1881 to 1891, for the years designated at the foot of each series of charts.

QUERIES ANSWERED.

159. Can the United States Produce all the Varieties of Food it Requires?

The climate, the soil, the lakes and the rivers of the United States embrace so great a variety, and they are so extensive that there is scarcely any food product which it cannot produce in very great quantity. The only exceptions are the purely tropical growths, and it is yet unsettled as to how far they may be transferred and acclimated so as to be commercially profitable.

160. Are all manufactures possible to the United States?

Raw materials and labor are the two essentials of manufacture. The ore, minerals and forest growths of this country are so varied, and the amount is so great, as to provide an abundant supply of almost every conceivable raw material of manufacture. All raw materials, strictly considered, are the unaided product of nature—the ore in the ground, the growths of the forest, and the wild animals of the land and sea.

Any labor, however bestowed, which changes the product of nature, makes it a manufactured product. The tree standing in the forest is a good representative of an unmanufactured article. As soon as it is felled its manufacture has begun. It is no longer raw material.

Manufacture is but another name for labor, and no line can be drawn to mark where production by labor applied in one way, or under one set of conditions is manufacture, and in another way is something else. Manufacture is any change in the form or the commercial value of an article brought about by labor.

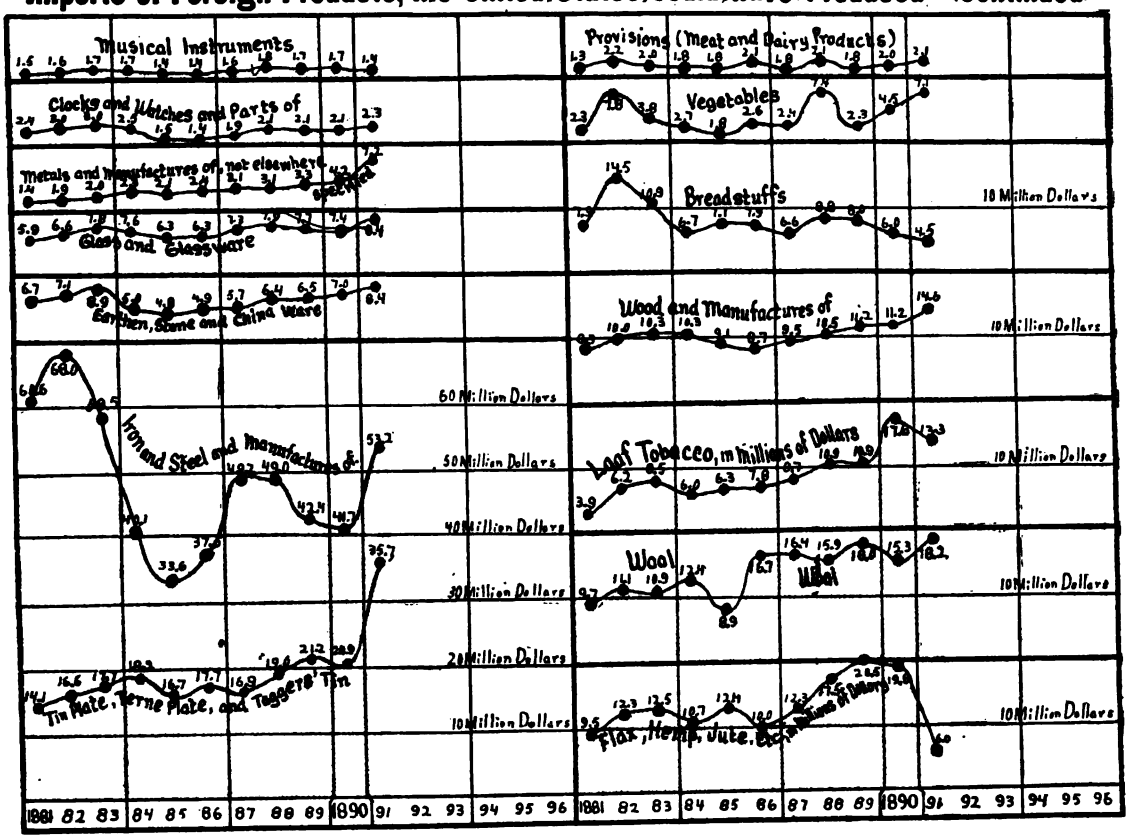
Experience has abundantly testified that the people of the United States are not excelled by the people of any country in the ingenuity, the keenness of perception and the practical application requisite to successful production in any and all directions.

161. What articles are imported which compete with United States products?

The above STUDIES embrace many charts, each, in most cases, representing a large import of articles which compete in the United States markets with articles profitably produced

AUTHORITY.—"Statistical Abstract of the United States, 1890, pp. 101-118, and 1891, pp. 108-127.

Imports of Foreign Products; the United States could have Produced—(Continued)



at home. These are all of sufficient importance to be worth the attention of statesmen. Financial success in private or public affairs is based on that plan which gives as careful supervision to the small items as to the large ones.

162. What are the advantages of home production?

There is no class of citizens in this country, except importing tradesmen, who are financially benefited by the importation of articles which may be successfully produced here.

The capitalist who would employ his capital in production is interested to have all the home market for his products. The workman who earns wages by home production is strongly interested to have all the production possible, brought within his reach. Clerks and salesmen are interested in home production, because the more employment for labor here, the higher the rewards of labor, not only in manufactories and on farms, but for all wage-earners, themselves included.

The editor, the lawyer, the minister of the gospel and the college professor are all wage-earners, and, unavoidably, when employment is scarce they must share in the reduced wage, for the reduction stops with no class of wage-earners, and the fundamental axiom of wages is: The smaller the demand for labor the smaller the wages.

163. What class of citizens consume imported articles?

The charts representing the larger values are those portraying the imports of the manufactures of iron and steel, wool, silk, cotton and flax. A very large part (latterly nearly one-half) of the import of iron and steel manufactures is tin plate, as is readily seen by the lower left hand chart on page 63. The consumption of that import is very widely and evenly distributed among all classes. A very large proportion of the people wear clothing manufactured in the United States (whether of wool, silk, cotton or linen). Much of it is bought by them as "imported" goods, but the merchant, if well informed, knows that it was merely "imported" from some American factory to his store.

The imports of the United States are most largely consumed by wealthy people, who pay any increased cost and not the poor; but the disadvantage to the poor is that the work of producing the articles is not done in this country where they can be benefited by it.

164. What caused the enormous increase in the import of Tin Plate in 1891?

The desire of importers to secure large stocks before the high duty should take effect (July 1, 1891), caused an excessive importation (see chart of monthly import, lower part of page 58).

165. How do higher wages with lower prices affect the producer?

It is natural that every producer, whether farmer, lumber-man, miner or manufacturer, should wish to employ his workmen at a low wage, and it is equally natural for him to try to get the highest possible price for his products. A low wage paid for work, and a high price received for products gives a better margin of profit to the producer.

The several STUDIES on wages and prices (pages 25–38), demonstrate the fact that under protection, wages have increased, and prices have decreased. It is plain, therefore, that the producer could not, under ordinary conditions, long withstand this reduction of profits. The enormous production developed is itself the only possible source of relief. Were it not that the higher wages of the workmen make him a larger buyer, and the larger buying of all the people due to low prices, makes a larger market, the increasing wages and declining prices of to-day must ruin production.

166. What advantage does large production offer to the wage-earner and the consumer?

The production and sale, for example, of one thousand pianos a year at a profit of $50 each gives $50,000 total profit to the producer. Let it be supposed that by the increase of wages and decline of prices the producer's profit on each piano is reduced one-half—that is to $25—the production and sale of two thousand pianos a year at a profit of twenty-five dollars each would give the same total profit to the producer. But to the wage-earners employed and to the buyers of the pianos the doubled production would give the advantage of twenty-five dollars on each instrument, a total of $50,000 each year to be divided between the wage-earners who made the pianos and the consumers who bought them; in other words, between the higher wage and the lower price.

167. What makes the study of tariffs difficult?

If but two elements enter into a problem its study is simpler than if several elements enter into it. The simpler a problem the larger the number who solve it satisfactorily to themselves. To study the subject of tariffs as related solely to revenue and prices, and to take as examples articles which cannot be produced in this country, is to study a problem so simple that the solution of the school-boy and the sage will agree in every particular.

To take, as examples, articles easily produced in this country and to determine the effect on production and on wages, is a problem much more complex. In the former case wages and production cannot enter into the question, because the example takes an article which this country cannot produce, such as tea or coffee, and both theory and practice proclaim that the price of the article is increased to the consumer by just the amount of the duty.

If again the article be one which this country can produce only in sufficient quantity to supply a small part of the home market, as for example, sugar, it is equally plain that the amount of the duty will be added to the price not only of the sugar imported, but to the price of the home product as well. While the added price on imported sugar goes into the National treasury, that added to the home product benefits directly only the American sugar industry.

168. What is the first point of divergence between the Protectionist and the Free Trader?

It is at this point that the students of tariffs begin to diverge. The one claims that all this added price of the home product goes to the producer, in this instance, the sugar planter. The other claims that a part only goes to the producer, and that a still larger share goes to the wage earner.

169. What is the chief point of difference between students of the Tariff Question?

The last step in the problem takes as an example an article paying a high rate of duty if imported, but which as a matter of fact is not imported to any extent, but is wholly produced in this country in quantity sufficient not only to supply the home market, but to leave a surplus for export to other countries.

Such an article, says the free-trade theory, is also increased in price by the amount of the duty, the same as in the two preceding examples, for if the duty were taken off, it could be imported for so much less. But this theory is met by the fact that one can go into the common market and buy the article—wire nails, for example—for less than the amount of the duty alone. In this case it is clear that the price is not increased by the amount of the duty, since the entire price is less than the duty.

It is evident that some force not recognized in the theory, has here overcome the tendency to increase of price which the tariff developed in the other case.

It is the study of this force that makes the problem difficult, and at the same time makes it important; for it is this force that the protectionist aims to apply to the widest possible range of the articles consumed in the United States. It is this force by which the Protective Tariff achieves its chief benefits, and which every thoughtful reader should seek to measure and understand.

Foreign Commerce and the Tariff.

THE subject of foreign commerce has been very much discussed as related both to the tariff and to the ocean-carrying trade, as well as in its relation to the wealth of nations.

The discussion of the ocean-carrying trade is presented in a separate division of this work (pages 83-91).

Commerce and prices.—Free-traders advocate the free importation of such articles as are capable of production in the United States, so that the producer here shall have to compete with the producers of the whole world. Their object is to provide the consumer with those articles at the lowest possible price. The lowest price of such articles, is with them the one great thing. It blinds them to other advantages which in actual experience are far more important. A price low in dollars and cents may be high as compared with the labor required to earn the dollars and cents.

The relation of commerce to prices must therefore be considered in connection with the consumer's ability to buy; that is, in connection with the general question of wages, since wage-earners form the vast majority of the nation, and on their welfare depends that of the nation at large.

The STUDIES on pages 26 to 37 abundantly show two things: (1) that wages in the United States are more than double the wages of any other country; (2) that their purchasing power is nearly double what it was under a tariff for revenue only. The workman is, in fact, nearly twice as well off, under the present conditions, as he was under the tariff for revenue from 1850 to 1860, when there was the freest possible importation of competing products. The voluntary action of the wage-earners of the old world, who by thousands every month break the ties of home—where cheapness is at its lowest—and flock to the United States, is sufficient of itself to decide whether, in the true measure of values, this is a low or high-priced country.

Commerce and wealth.—Much stress is also laid on the idea that foreign commerce is an important factor in promoting the prosperity of a nation. A single fundamental principle underlying all exchange, is enough to show that foreign commerce may or may not promote prosperitv.

Export by itself provides an income of money. A larger income (from exports) than of outgo (from imports) makes a nation richer, just as an income larger than expenditures makes an individual richer. A larger outgo than income makes one poorer.

This view of the case accounts money alone as the measure of wealth. All export must be paid for either in money or in other products. So, also, must all import.

An immense volume of commerce may be carried on by which the wealth of a nation is not increased or diminished. There is an increase of absolute wealth only when the returns from exports, in money or its equivalent, exceed the payments for imports.

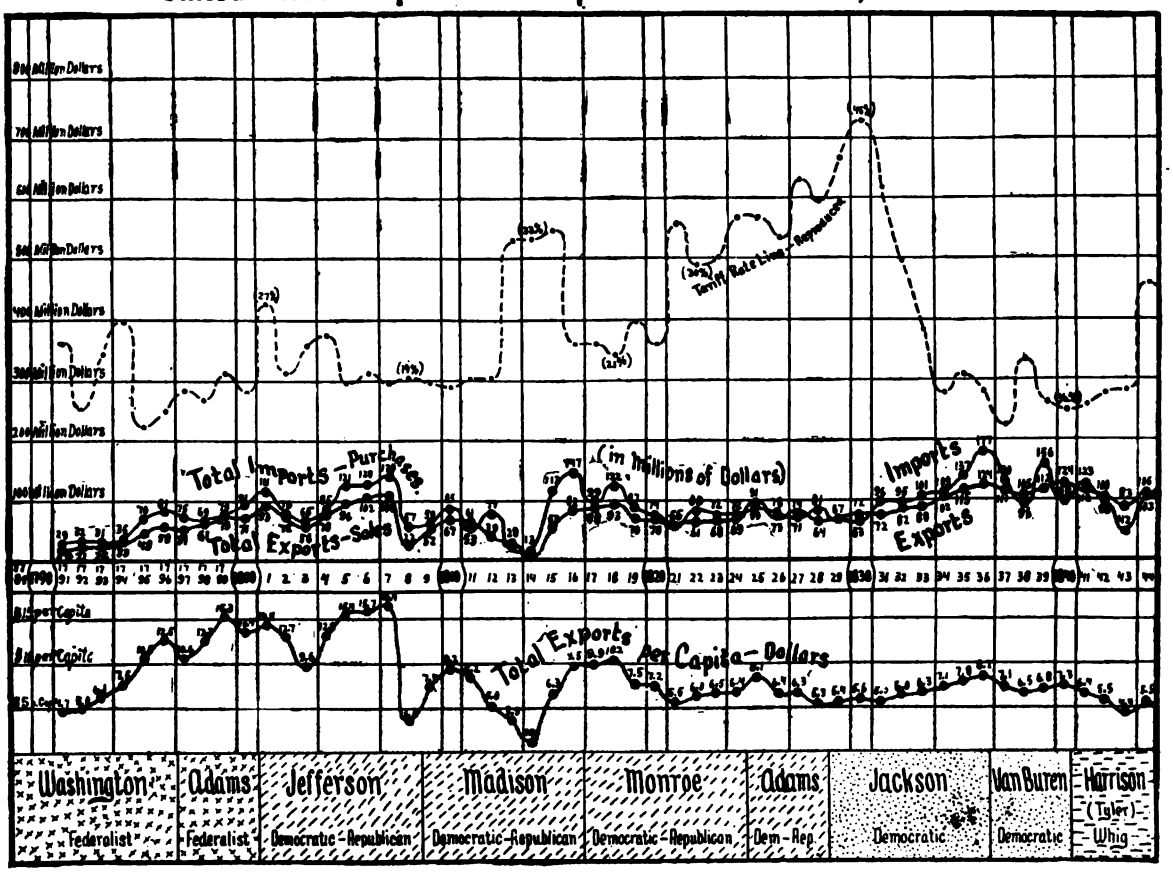
Export and import of specie.—The export of gold or silver indicates that in the numerous exchanges of property of all kinds the people of the United States have bought more from foreign countries than they have sold to them. It is, however, not a good index of the amount of the balance one way or the other. Very large payments are made in drafts representing currency at par, and equivalent to gold in value. To know, then, the whole volume of money export, it is necessary to know the export of drafts as well as of coin.

Export of gold to England.—The balance of trade between the United States and England is largely in favor of the United States every year (see GRAPHIC STUDY No. 53, page 72). The exchanges of the two countries are only partly represented by their ocean commerce. Englishmen have acquired large properties in this country which pay handsome profits; the profits must be sent across the ocean in bonds, in drafts as good as gold, or in gold itself.

Many millions of the bonds issued by our government are held in England. The interest on those bonds must be paid annually or oftener, and as the bonds mature, the principal must also be sent across the ocean. The balances in our commercial exchanges with other foreign countries, are to a large extent settled in London.

The total of exports and imports is, therefore, only a part of an immense exchange of property between the two countries, and it is the grand total balance that calls for gold shipments, sometimes to England, sometimes to the United States.

United States Exports and Imports and the Tariff, 1791-1891



GRAPHIC STUDIES, Nos. 47-48.

Explanation.—These STUDIES give the history of foreign commerce for a hundred years.

As in all such exhibits, the higher the lines of dots run, the larger the sum they represent. The number of million dollars represented by each dot is stated in the accompanying figures; the years are designated by the figures below the upper band of color.

The upper edge of the color in the upper chart, marks the amount of export, that is, the total sales of the country. Whenever, then, the color (export line) runs higher than the import line, it shows that the balance of trade was in favor of the United States.

The "Tariff Line" is reproduced from the studies on pages 14 and 15, that the reader may note whether any particular increase or decrease of import or export occurred at the time of an increase or decrease of the tariff rate.

QUERIES ANSWERED.

170. Has the balance of trade been generally in favor of the United States?

The STUDY on the left hand page (66), covering the first half century, shows twelve years only (1811, '13, '21, '25, '27, '29, '30, '38, '40, '42-44), in which the balance of trade was in our favor. The second half century shows, previous to 1876, only four years (1847, '58, '62, '74), in which the balance was in our favor, and only two years (1888–'89), since that date in which it has been against us.

171. Has the balance of trade been large or small?

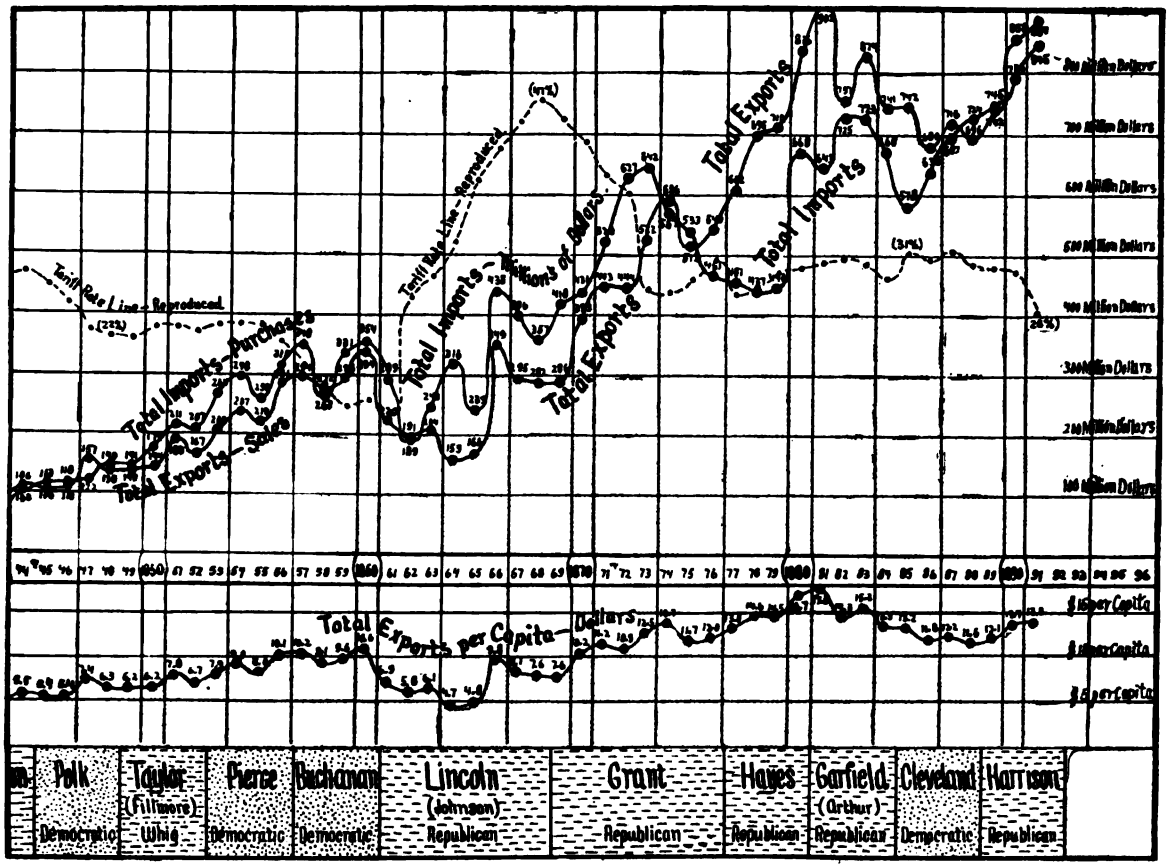
Ordinarily, the trade of the United States has very evenly balanced, as is shown upon the chart by the nearness of the export and import lines to each other until 1863, when the Civil War caused a large adverse balance of trade (excess of imports), from which the country did not recover until 1874.

Beginning with 1876, there has been for the first time in the history of the country, a large favorable balance (excess of exports), continuing (except the slight balance the other way in 1888–'9) for more than a decade and a half. The reader is asked to consider this feature of the exhibit especially.

172. Was a favorable balance of trade ever developed under a revenue tariff?

By running the eye along the tariff rate line of the whole century in the above STUDIES (also on pages 14–15), the reader will readily see a long stretch of comparatively low tariff from 1834 to 1861. The brief interval from 1844 to 1846, showing a higher rate, does not mark a change of policy (see query 28, page 17). During this whole period of twenty-nine years,

United States Exports and Imports and the Tariff, 1791-1891 (Continued)



there was a continuous application of the Free Trade or "Revenue Tariff" policy. The only protection afforded was incidental and kept decreasing. It developed no favorable balance of trade.

On the other hand, after the adoption of the decided Protective policy, which culminated in the legislation of 1872, the adverse balance of the Civil War was removed in 1874, and in two years more was inaugurated the only considerable favorable balance period of the century.

173. How has the character of the Protective Tariff since 1872, differed from all other tariffs?

A study of the character of the tariffs in the several periods (pages 16–19) and of the proportion of imports admitted free (pages 20 and 21) makes it very clear that the character of the tariff since 1872 is very different from any of its predecessors. No other tariff period shows so high a rate on dutiable imports, and at the same time a large proportion of the imports admitted free (see query 46). The period from 1834 to 1841 was marked by a very large proportion admitted free (see STUDY 8, page 20), but it must be remembered that this was a "revenue tariff," and the larger part of the articles then admitted free were such as could have been produced profitably in the United States. The articles admitted free since 1872 (as marked by the high range of color for these years, in STUDY 9, page 21) are just the opposite, namely —such as cannot be produced profitably in the United States.

174. What is the true measure of commerce?

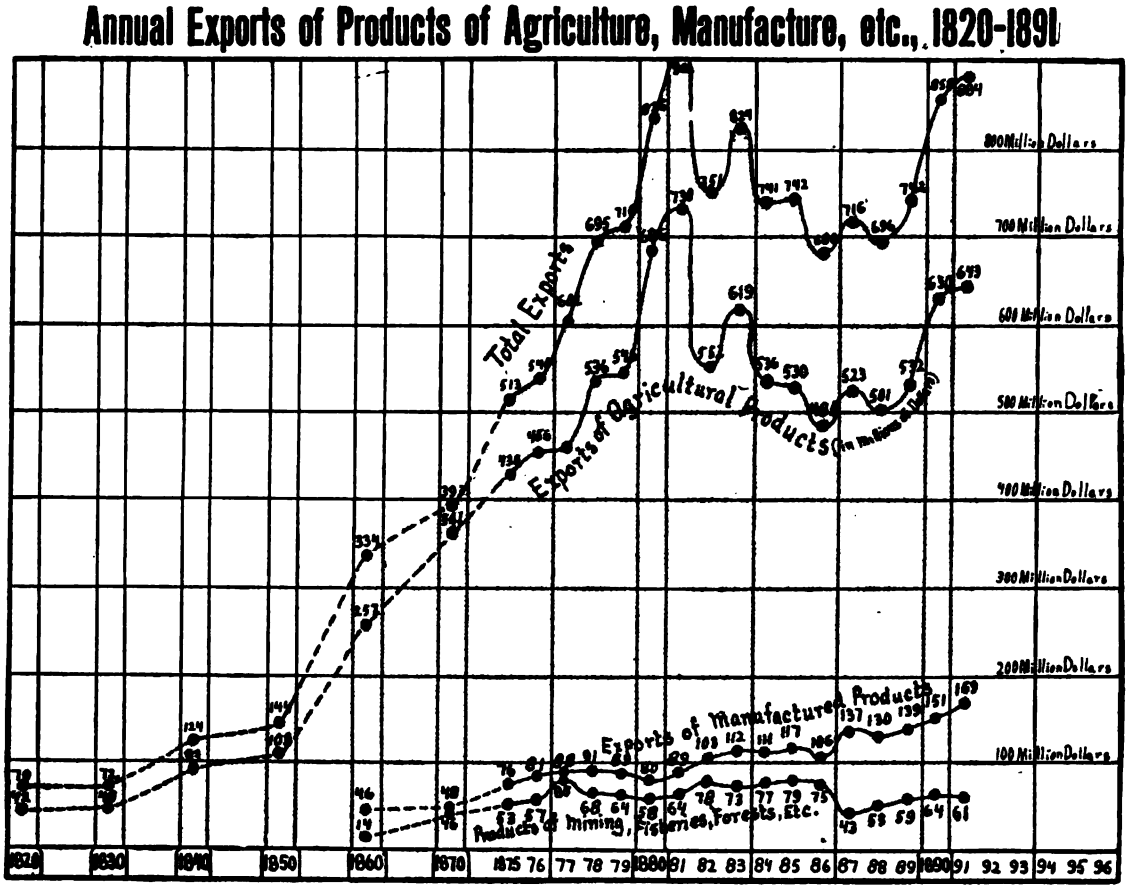
Although the total volume of export and import since 1872 has been much more than double that of the preceding twenty years, the increase relatively to the country's growth has not been so great. The lower chart of the two above, measures the commerce by the population and is the true gauge of increase.

The total import has varied so little from the total export that the chart of per capita export serves as a measure, for all general purpose of the per capita import also.

175. Has a change of tariff rate, changed the volume of either export or import?

A brief study of the charts shows that the volume of foreign commerce has been affected little or none by tariff rates. Both imports and exports show increase from 1844 to 1860 while the rate was decreasing, and both show increase from 1861 to 1868 while the rate was increasing, and various other contradictions and parallels appear for briefer periods.

AUTHORITY.—"Quarterly Report of the Treasury Department, Relative to Imports and Exports," etc. [No. 1, 1889-90], p. 100, and "Annual Report of the Treasury Department on Foreign Commerce," 1891, p. 15.



GRAPHIC STUDIES, Nos. 49–50.

Explanation.—See the general explanation on page 13. The charts of STUDY 50 on the opposite page are drawn to a larger scale than that above, so as to make the analysis of exports more complete.

QUERIES ANSWERED.

176. Has agriculture or manufacture contributed more largely to export?

The upper chart lines above show that since 1820, as a rule, agricultural products have formed about two-thirds of the entire export. They also show that the important fluctuations of the total export have been due to the changes in the amount of agricultural products exported.

177. What are the chief articles among agricultural exports?

STUDY 50, on the opposite page, analyzes the export of the country much more fully than that above.

It takes but a moment to see that cotton occupies the foremost place among all exports. The combined exports of both cotton and manufactures of cotton are shown, and also, separately, the export of the manufactures of cotton, so that it is easy to see that the latter form only a very small part of the whole.

Breadstuffs hold the second place, and though their total export for the period 1876-1891 does not fall greatly below cotton, yet it is to be noted that since 1880 their total has declined, while that of cotton has increased since 1879. Among breadstuffs, wheat ranks first.

Provisions (meaning meat and dairy products), occupy third place, and their chief factor is "hog products." The export of beef increased rapidly from 1887 to 1891; also that of animals (live stock) shown in the chart just above "provisions."

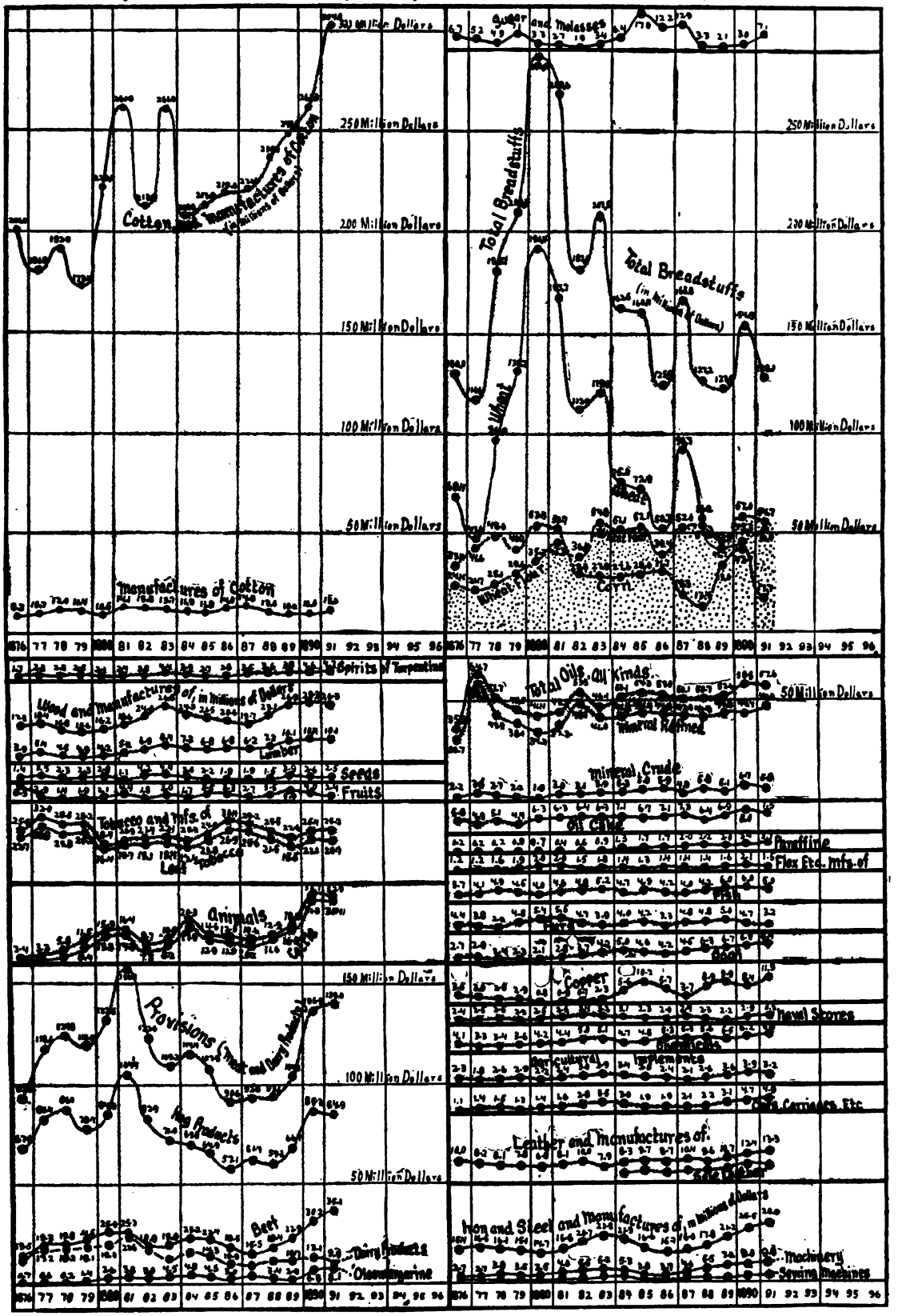
178. What is the chief article among manufactured exports?

Near the centre of the right-hand series on the opposite page is the chart of "Total oils, all kinds." The line delineating the export of "Mineral Refined" records the largest export of any manufactured article. ("Mineral Crude" is classified as an agricultural product.) Iron and steel, shown in the lowest chart of this series, rank second among manufactured exports.

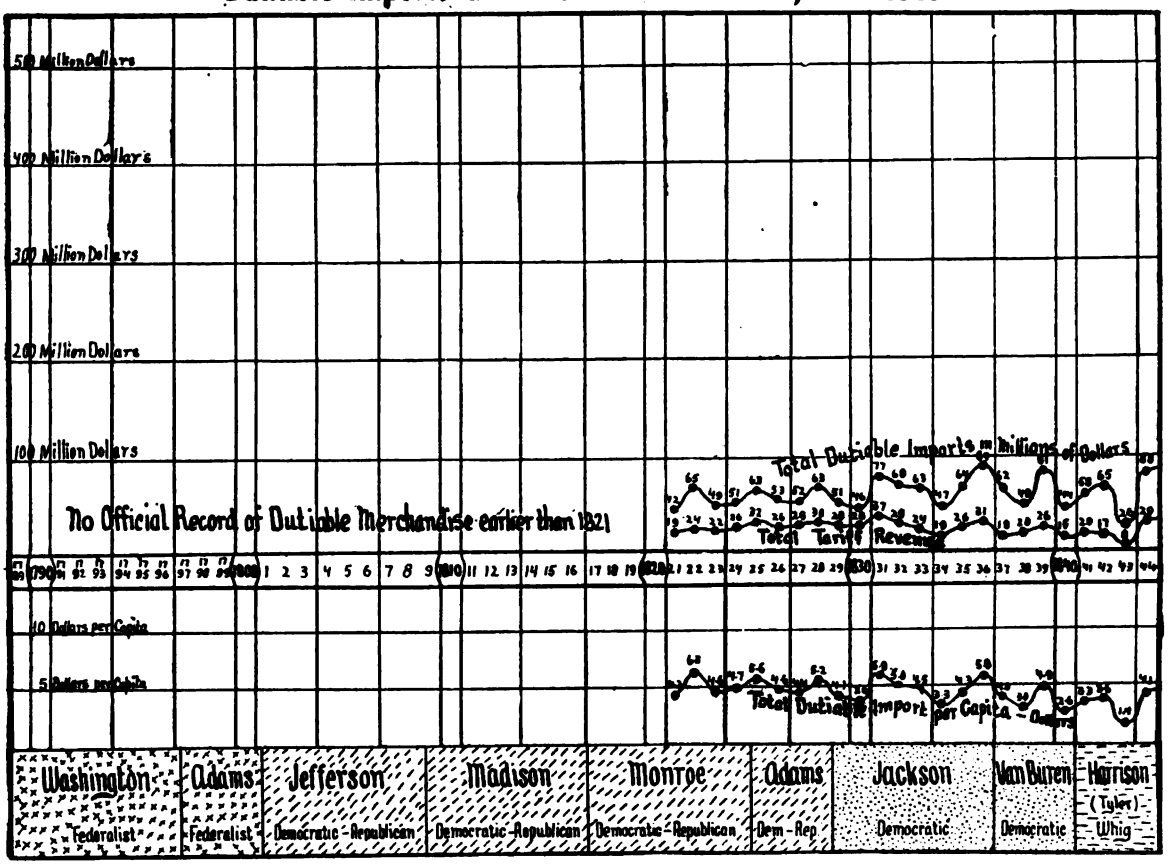
All other articles named in the exhibit are as readily compared by the width of the bands of color designating them, and more closely, if desired, by the accompanying figures, which give in millions of dollars and the nearest tenths of a million, the amount of each article exported for the year named in the year scales above and below.

AUTHORITY.—For *Total Export*, "Report of the Secretary of the Treasury on Foreign Commerce," 1891, p. 15, and for *Export of Agricultural, Manufactured, Mining and other products*, same Report, p. 33: for the *Comparison of Principal Exports*, etc., "Statistical Abstract of the United States" 1885, p. 95; 1890, p. 130; and 1891, p. 139.

Comparison of the Principal Exports of Domestic Products, 1876-1891



Dutiable Imports and the Tariff Revenue, 1821-1891



GRAPHIC STUDIES, Nos. 51-52.

Explanation.—The line of dots at the upper edge of the lighter color, on the upper chart (extending from the STUDY on the left-hand page across the right-hand page), marks the increase and decrease, year by year, in the total value of dutiable imports from 1821 to 1891. The higher the line extends, the greater the value it represents. The figures accompanying the dots represent the annual value of the dutiable import, in millions of dollars, for the years designated below the color.

The other two lines of dots at the upper edge of the darker color in the upper and lower charts, mark in the same way the Total Tariff Revenue and the Total Dutiable Import per capita for the same series of years.

QUERIES ANSWERED.

179. How did the dutiable import vary between 1821 and 1843?

From 1821 to 1843, as shown by the top chart line of the three, there were very important fluctuations in the value of the total import of dutiable merchandise, but, for this period as a whole, there was no marked increase in the average annual value. The amount in 1840 was almost the same as in 1821; the still smaller amount for 1843 marks a nine months' record, owing to the change then made in the date of beginning of the fiscal year.

180. How did the tariff revenue vary from 1821 to 1843?

The tariff revenue line (the middle chart line of the three) runs more evenly than that of dutiable imports, and shows no marked change in the annual average. The last three years (1840-1842) show a smaller revenue than any other three of the whole exhibit from 1821 to 1891.

181. Did the dutiable import from 1822 to 1842 increase or diminish relatively to the growth of population?

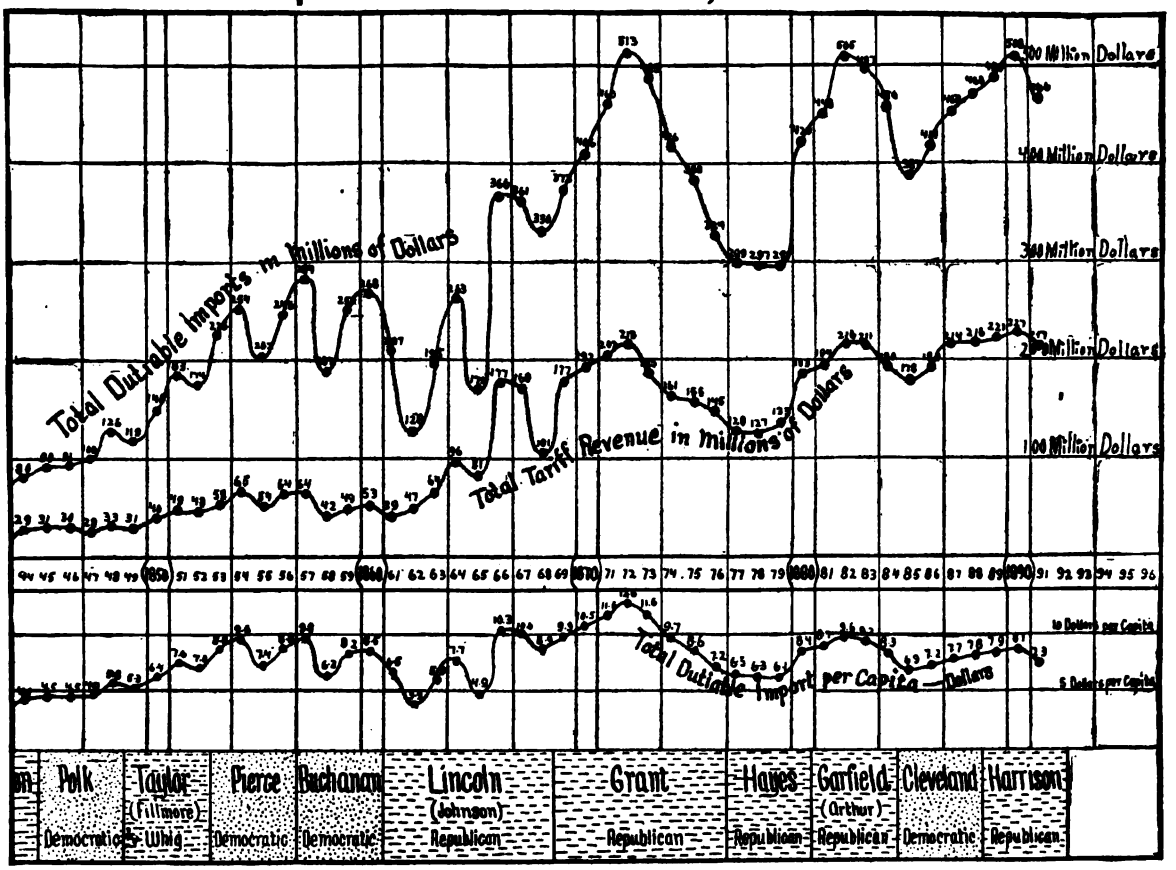
The true measure of the dutiable import, the import per capita, is shown in the lower chart. It is plain that there was an actual falling off of the per capita import of dutiable merchandise from 1822 to 1842.

182. Did the increase in import of dutiable merchandise from 1844 to 1857 more than keep pace with the increase of population?

The per capita chart shows that the dutiable import increased much more rapidly than the population. The people of the United States were consuming dutiable imports at the rate of a trifle over $4 per capita in 1844, and in 1857 it had reached to almost $10 per capita, or nearly two and a half times as much.

AUTHORITY.—"Report on Imported Merchandise" for 1891, p. xvii.

Dutiable Imports and the Tariff Revenue, 1821-1891 (Continued)



183. Did the tariff revenue increase from 1844 to 1857?

The tariff revenue line shows a marked increase during the same period as a whole, but from 1854 to 1861 there was a decline, due to the reduction of the tariff rate from 1856 to 1860 (see chart on page 15), and to the fact that the dutiable import, although very variable, did not increase.

184. Why did the tariff revenue increase so slowly under the greatly increased rate of the War Tariff?

The chart shows a great reduction of dutiable import for 1861 and 1862, hence, although the rates of duty were high, the revenue was not much increased. The dutiable imports in 1864 reached 263 million dollars, a little less than in 1857 and 1860, and in 1865 they fell to 170 million dollars. In 1866 they increased greatly and the increase of revenue corresponded. For the whole period since 1867, the tariff revenue has averaged little short of 200 millions of dollars per year.

185. When was the greatest per capita expenditure for dutiable foreign products?

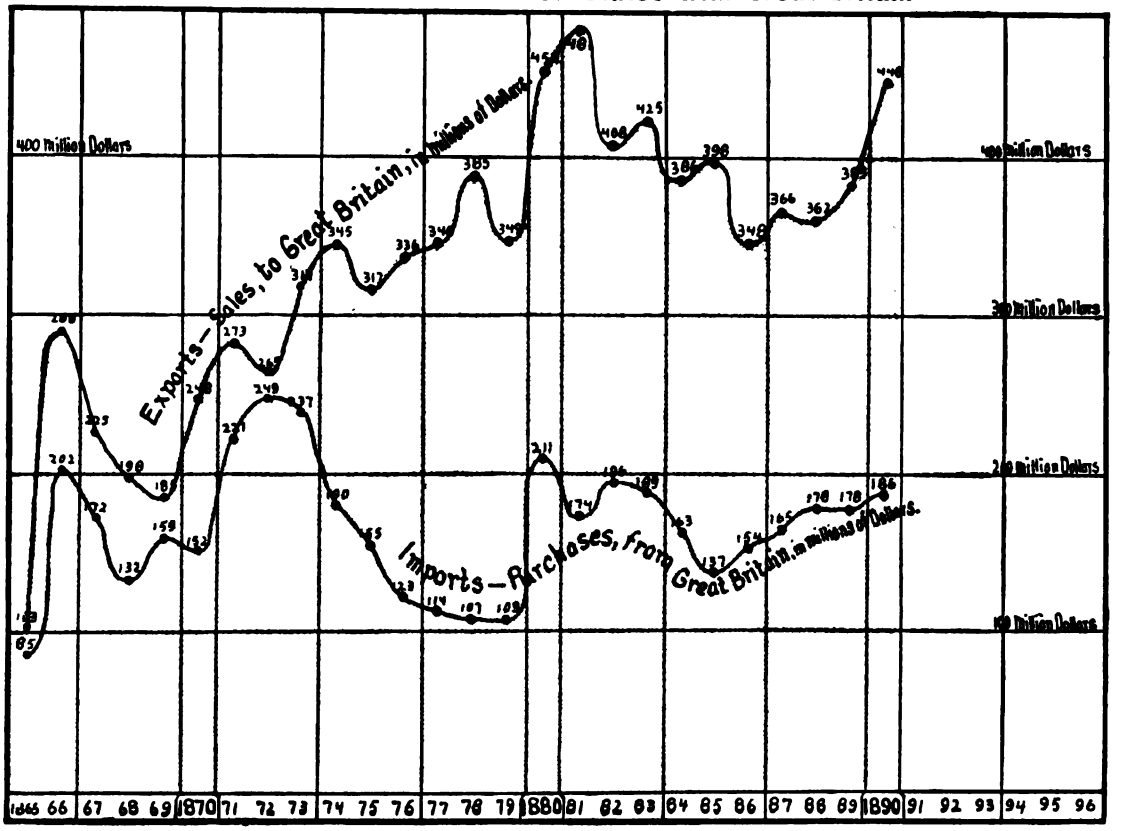
From 1866 to 1873, the yearly per capita consumption of dutiable imports averaged over $10, and since that date has averaged about $7.50, or about the same as during the later years of the low tariff period from 1853 to 1860.

186. What is the difference in the character of the present tariff and that of 1853-1860?

The dutiable merchandise from 1853 to 1860 consisted chiefly of articles which could not be produced in this country. They were, therefore, made more expensive to the consumer by the amount of the duty. This is declared by both free-traders and protectionists. The duties collected in no way aided home industry, and were not intended to aid it.

The dutiable merchandise of the present period consists almost wholly of articles, such as are manufactured in large quantities in this country. As a rule these can be bought in the open market as low or lower than in the low tariff period (see pages 27 and 29); and some of them can be bought for less than the duty. It appears therefore that they are not made to cost the consumer more by the amount of the duty. The duties collected are laid with a view to stimulate home industry. The wages of the present date are much higher than in the low tariff period and buy much more of either dutiable or non-dutiable imports, or of the products of home industry.

Actual Trade of the United States with Great Britain



GRAPHIC STUDIES, Nos. 53-54.

Explanation.—The lines of dots at the upper edge of the color of the chart above, and at the upper edge of the color in the six charts in the STUDY on the opposite page, show the changes in the value of total exports of the United States to the several countries included in the two STUDIES.

The other lines of dots represent imports, and the accompanying figures indicate in millions of dollars the values represented by the several dots; the years are designated by figures at the foot of each diagram.

187. What occasioned the great increase of foreign trade in 1866?

The close of the Civil War in 1865 freed the people from the burden of war and turned their attention to improving their homes and surroundings; this gave a great stimulus not only to the purchase of home products, but of imported articles also. This latter demand drew its supplies most largely from Great Britain. The six leading countries in our foreign trade, represented on the opposite page, all shared also in this special demand except Belgium, as is shown by the strong upward direction of the several import lines. (See Query 171, page 66.)

188. What increased the exports to Great Britain and France in 1866?

This increased export consisted largely of cotton which the Civil War blockade had locked up in large quantities in the South and which in 1866 found its way to the markets of Great Britain and France. Aside from cotton, the Civil War had not left a large surplus of home products in the United States, and, as prices were abnormally high, there was an unusually active home market.

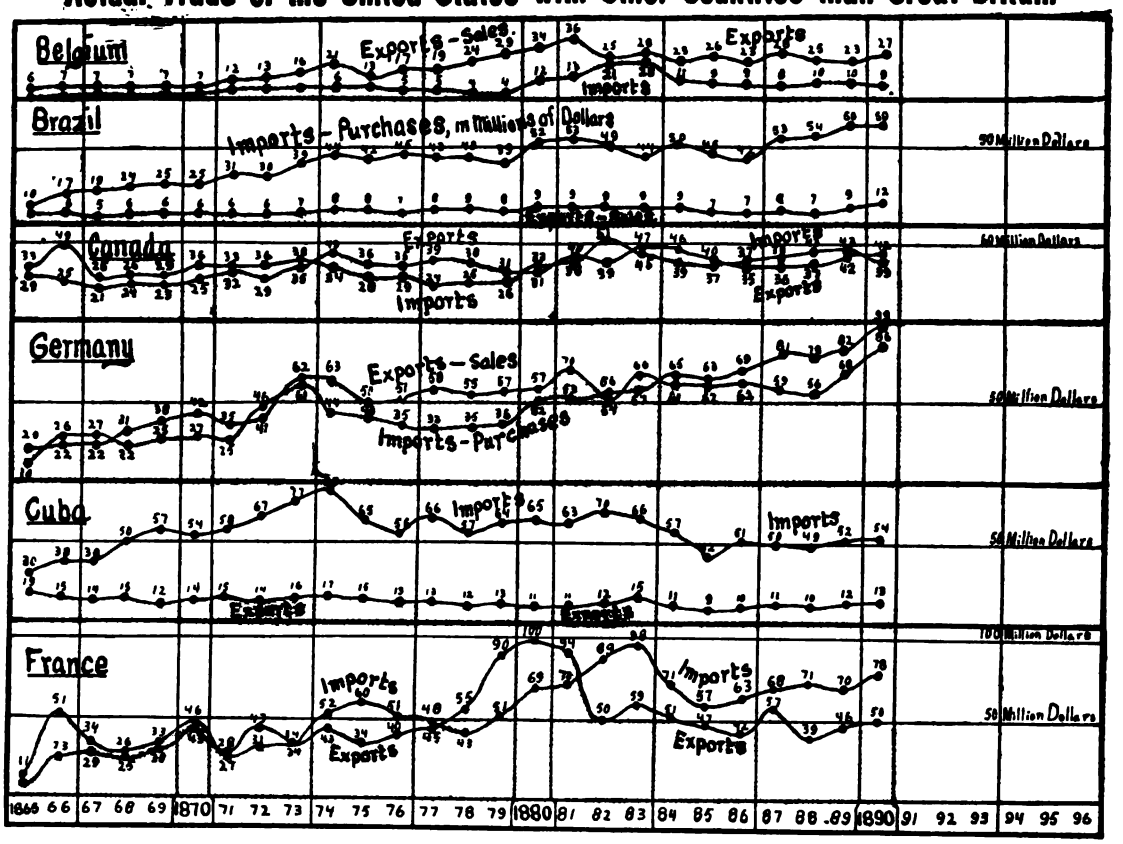
189. Why did the exports to Great Britain exceed the imports from Great Britain so soon and so largely after 1872?

Perhaps nothing in the history of the trade and industry of the United States better marks the importance of the date 1872 than the separation of the export and the import lines above.

It was in 1872 that the United States completely abandoned the war tariff (see pages 15, 17 and 19), and adopted a tariff framed with the distinct purpose to increase home production.

Its effect was almost instantaneous, as is shown by the chart above. The panic of 1873 naturally checked imports for a time, especially of such manufactures as we had been buying in increasing quantities. The panic, however, soon passed, but the import line has never since come nearly up to the height reached in 1872.

Actual Trade of the United States with Other Countries than Great Britain



The imports of manufactures came chiefly from Great Britain, and the direct, positive protection adopted in 1872, transferred the production in wonderful measure to this country. This increased the demand for labor here, gave employment at better wages to our own people, and has kept in this country each year the many millions of gold represented by the wide separation of these two chart lines.

190. Has the United States bought more from other countries since 1872?

An examination of the charts of trade with other countries shows no compensating buying from them. Brazil and Cuba show an increase, but the imports from those countries are mostly sugar and coffee.

191. Did the exports (sales) to Great Britain stop increasing when the imports (purchases) began to decrease?

The export line shows that our sales continued to increase steadily year after year until 1880, since which date Russia and British India have been able to furnish a large supply of wheat, at a cheaper price (see page 50).

192. How could these facts be garbled to show that the policy of protection had not worked advantageously to the United States?

The editor or speaker who wished to prove that the protective tariff had injured this country could easily seem to do so by merely quoting a part of the record. For example, it might be claimed that the protective policy had compelled the United States to stop selling to Great Britain, and in proof of the claim the record might be quoted from 1881 to 1886 only, wholly omitting that from 1869 to 1881. The figures and dates would be correctly quoted. He would point to the official record, and if his reader or hearer had not before him the full record as above given, the partial facts would be accepted as proof of the claim and repeated.

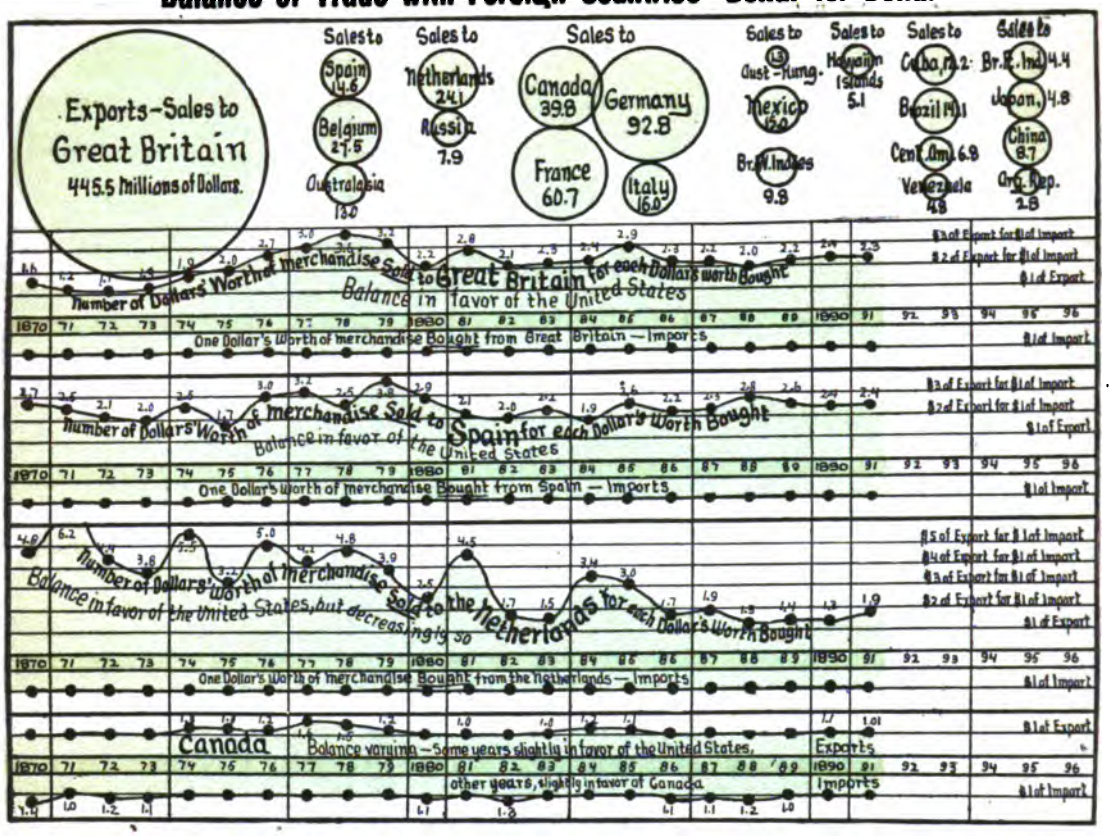
By quoting the import figures from 1885 to 1890 only, it might be made to appear that we are buying more from Great Britain in spite of the high protective duties.

193. How do the exports to Great Britain compare with those to other countries?

The charts on the two pages above are drawn to the same scale, and the narrow strips of color on the right hand page show how much smaller are the sales to other countries than to Great Britain. These charts also show the balance of trade. For example, the great excess of exports to Great Britain shows a large balance in our favor; while the excess of imports from Cuba shows a balance against the United States.

AUTHORITY.—"Statistical Abstract of the United States," 1878, p. 33 and following, 1890, p. 75 and following; and 1891, p. 69 and following.

Balance of Trade with Foreign Countries--Dollar for Dollar



GRAPHIC STUDIES, Nos. 55-56.

Explanation.—Each chart in these two studies consists of two parts, one above the dark shade of color and one below.

The part above the dark shade represents in every case the export of the United States to the country named, and in this upper part, a dot placed higher than another means a greater number of dollars' worth of export as compared with import.

The part below the dark shade represents in every case the import of the United States from the country named, and a dot placed farther below the dark shade than another means a greater number of dollars' worth of import as compared with export. In other words, the dark shade of color is the starting point or base-line, and the farther a dot stands from it, the larger the number of dollars signified.

The import is represented below the base-line, because import tends to take money out of the United States; the export is placed above the base-line, because export tends to bring money into the United States.

The circles represent the comparative amount of the exports of the United States in 1891 to the several countries named, and the figures printed with the circles express the whole value of such export in millions of dollars. Each group of circles brings together the names of countries having similar trade balances. For example, the left hand group indicates that the trade balances of the three countries (Spain, Belgium and Australasia) have been similar; the chart of Spain's trade balance (next under that of Great Britain) therefore represents also the general character of those of Belgium and Australasia, which are, therefore, not separately delineated.

QUERIES ANSWERED.

194. Why is Great Britain's circle larger than any other?

The circles compare the exports of the United States to the twenty-two countries with which, in 1891, we had the larger trade, and their size, as compared with one another, shows the importance of the several countries as buyers from the United States.

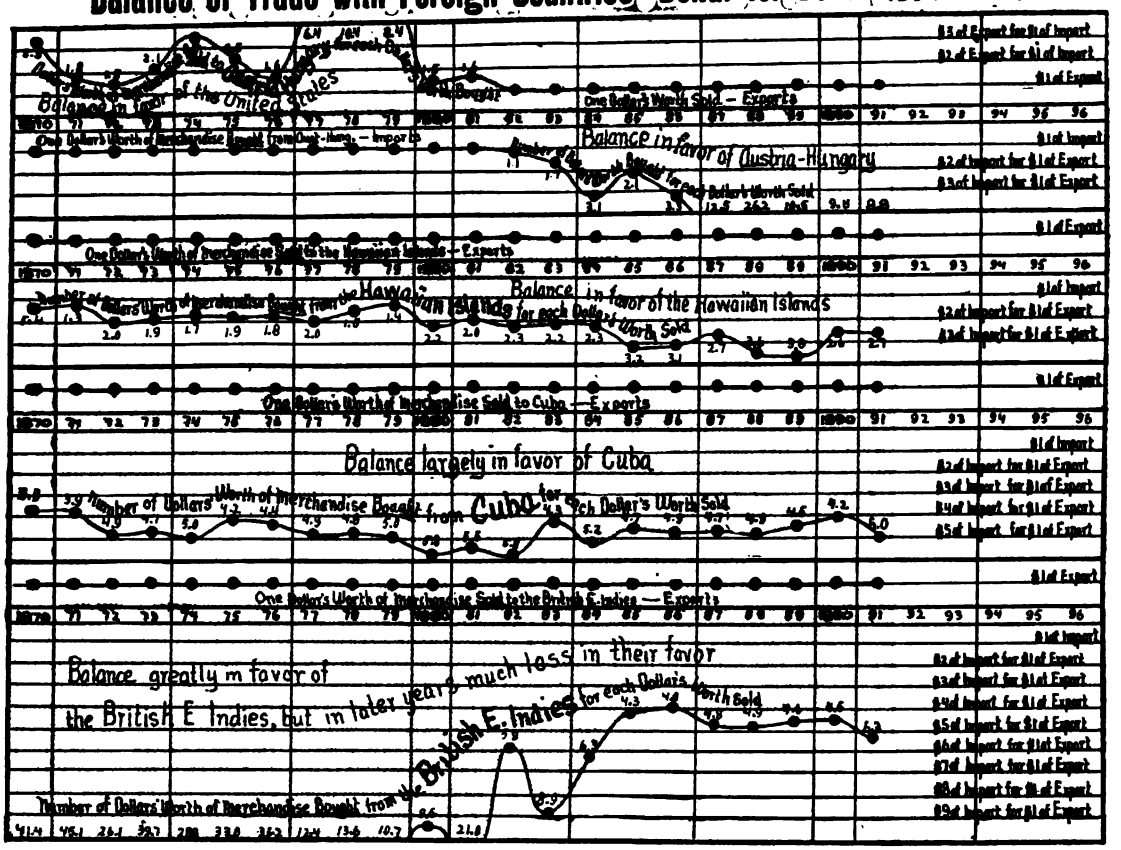
Great Britain's circle is just as much larger than that of any other country as her purchases from the United States are larger.

195. What is the characteristic of the balance of trade with Great Britain?

The import from Great Britain has been less than the export every year, and is, therefore, represented by one dollar, as the comparison is made dollar for dollar; for every dollar of im-

AUTHORITY.—"Statistical Abstract of the United States," 1878, p. 33 and following; 1890, p. 75 and following, and 1891, p. 69 and following.

Balance of Trade with Foreign Countries—Dollar for Dollar (Continued)



port there was (every year) more than a dollar of export, and the chart states how much more. For example, take the two dots for 1891, in the uppermost chart on page 74, that of Great Britain. The lower or import dot is on the one dollar line. The upper or export dot is above the two dollar line (2.3). These dots, therefore, mean that for each dollar's worth of purchases from Great Britain, the United States sold two and three-tenths dollars' worth to Great Britain.

The balance of trade with Great Britain has been in favor of the United States for the whole period shown. From 1870 to 1872 it was slightly reduced. It then rapidly increased, and since 1880 has remained quite steadily in the proportion of a little over two to one in our favor.

196. Does the ratio of two to one in favor of the United States represent more in the case of Great Britain than it would in the case of some other countries?

Our export to Great Britain is thirty times as much as it is to Spain. Therefore, a balance of trade in the ratio of two to one in our favor, in the case of Great Britain, means (in the real balance) thirty times as much as it would in the case of Spain.

197. What is the characteristic of the balance of trade with Spain?

The chart of the trade balance with Spain (next under that of Great Britain) shows a fairly steady balance in favor of the United States averaging for the whole period about two dollars and a half of exports for each dollar of imports. The circles given with that of Spain at the top of the opposite page represent Belgium and Australasia. The grouping of the three circles means that the trade balance with those two countries is similar to that with Spain—that is, a balance in our favor, showing no tendency to increase or decrease. The extremes are, however, greater. The highest point (1879) in case of Spain was nearly four to one in our favor. In case of Belgium it was nearly seven to one, and in case of Australasia, nine to one in our favor, the same year.

198. What is the characteristic of the balance with the Netherlands?

The chart of the trade with the Netherlands shows a balance in favor of the United States, but a balance that has been steadily decreasing. It has varied considerably from year to year, but the trend is plainly to a smaller balance, and indicates that a few years hence it may be expected to be against us.

Russia's trade presents a similar balance, only that the turn of the tide reducing our favorable balance was in 1879 instead of in 1871, and started from 25.3 in our favor instead of from 6.2 as in the case of the Netherlands.

199. What is the characteristic of Canada's trade balance?

Our trade with Canada shows only a slight balance either way. That balance shifts from side to side, now a little in favor of Canada, now a little in favor of the United States.

As indicated by the circles grouped with Canada, the trade with Germany, France and Italy presents the same characteristics, and if charts of the balances of the four countries were placed side by side they would be so nearly alike as to require careful study to find their differences.

200. What are the trade balances with Austria-Hungary and the British West Indies?

Austria-Hungary, Mexico and the British West Indies, are three countries which show a favorable balance for the United States from 1870 until after 1880, but since that date, a balance on the other side.

201. What are the trade balances with other countries?

The trade with the Hawaiian Islands shows a balance against the United States for the whole period, and latterly this adverse balance has increased.

Commerce with Cuba, Brazil, Central America, and Venezuela shows in each case a steady balance against the United States. There are fluctuations from year to year but no indication of a tendency to permanent increase or decrease. The balance in favor of Brazil is about the same as that in favor of Cuba, while that of Venezuela is only about half as much and that of the Central American States is still less, and shows a slight tendency to change into a favorable balance within a few years.

The British East Indies, as will be seen by its chart, shows a remarkable record. While the balance is against the United States, it has been greatly reduced. The figures at the foot of the chart show that in 1873 the balance was nearly a hundred (99.7) to one in favor of the British East Indies.

Japan, China and the Argentine Republic show similar records for the same period.

202. Do increasing imports indicate commercial prosperity?

One of the doctrines of Free Traders, as asserted in their newspapers and by the public utterances of their orators, is: "If we do not buy we cannot sell."

Turning again to the STUDIES on pages 66 and 67, it is plain that previous to 1872 each reduction of import was accompanied with a reduction of export, or that each reduction of export was accompanied with a reduction of import.

The framers of the protective tariff policy did not believe that there was any necessary correspondence in the amount of export and import. They planned, at all hazards, to stop a large proportion of the buying of foreign products. They believed it better to produce at home, as far as practicable, everything consumed by the people of this country.

The plan was put in operation. Did it check the increase of purchases (imports) from foreign countries? Look at the record of total imports on page 67. From 1868 the import line went steadily up year after year until 1873. It then went steadily down until 1879. The export line followed it down for one year only, then went on upward as it had been doing. The United States lessened its buying and continued to increase its selling. The result was the development of the first favorable balance of trade of any importance in our history.

The trade record of individual nations shows the same result. A single glance at the chart of trade with Great Britain, on page 72, shows that although the United States steadily refused to increase its buying from that country after 1872, yet Great Britain kept on increasing its purchases as before.

The chart at the top of page 73, shows that this country has steadily sold to Belgium from two to three times as much as it has bought from that country. Charts of trade with Spain and Australasia would show the same facts.

The charts of our trade with certain other countries show just the opposite condition, namely that more has been bought from them year after year than has been sold to them.

There is, therefore (whether applied to the total commerce or to individual nations) no more senseless declamation than the assertion that "If we do not buy we cannot sell." Great Britain and other countries would buy of the United States just the same if this country did not buy a dollar's worth from them, providing the United States could supply the goods wanted at the price which would make it to their advantage to buy.

Free "Raw Material."—While the McKinley Tariff Law was under discussion, the opposition urged that high duties on raw material excluded our manufacturers from foreign markets. The law provides that all material used in manufacturing goods for export, shall be admitted substantially free of duty—that is, such material pays full duty when imported, but when, after manufacture, it is exported, *ninety-nine per cent* of the duty is refunded. This gives the American manufacturer the advantage of low-priced foreign material in the production of goods for export, and at the same time protects the home producer of raw material.

Reciprocity.

Section three of the McKinley Law provides that a duty may be collected on imported sugar, molasses, coffee, tea, and hides under certain conditions of trade. The law makes the reciprocity measure applicable to any country, but the five articles mentioned restrict its application to tropical countries chiefly.

The law does not give the President power to proclaim a duty on any articles except sugar, molasses, coffee, tea, and hides—five articles. These articles are all in the free list of the McKinley Bill and no duty is to be collected on them when imported from any country, unless, in the judgment of the President of the United States, a country importing those articles, "imposes duties or other exactions which he may deem unequal and unreasonable."

The reciprocity section provides that the President may proclaim a duty of from 1½ cents to 2 cents per pound on sugar; molasses, 4 cents per gallon; coffee, 3 cents per pound; tea, 10 cents per pound; and hides 1½ cents a pound.

The basis of Reciprocity.—It would be manifestly a one sided arrangement, for the United States to admit sugar free from Cuba if Cuba laid a heavy duty on wheat and other articles which the United States produces, and which Cuba has to buy from some nation. The people of the United States consume a large amount of foreign sugar, and Cuba, on the other hand, produces sugar to sell. Cuba at the same time buys large quantities of wheat, lumber, iron and steel manufactures, coal, pork, etc. The farmers and manufacturers of the United States wish to sell these products to the people of Cuba.

Suppose the government of Cuba, for revenue purposes, lays a heavy duty on the import of these articles from all nations. If the United States Government could by any means induce the Cuban Government to admit our products free, or even to reduce duties considerably in favor of the United States, it would give us an advantage in the Cuban market, unless Cuba at the same time made equal concessions to other nations.

Cuba's Revenue.—If, after admitting our products free, Cuba should buy her entire supply of such products from us, one result would be to reduce Cuba's customs revenue largely, and a government must have revenue from some source. Cuba must therefore keep this in view.

An example of Reciprocity.—On the side of the United States sugar was free, giving to Cuba the advantage of an unrestricted market for this product. Now if Cuba refused to make a fair return by reducing or wholly removing the duties laid against the United States products, it is in the power of the President (under the McKinley law) to compel all sugar coming from Cuba to pay a special duty.

There are many other countries beside Cuba producing sugar in great quantities. If proclamation were made by the President declaring that duties should be collected on sugar imported from Cuba, it would simply shut Cuban sugar out of the United States markets, and we should import all our sugar from other countries.

Such a condition would be very unprofitable for Cuba, and hence that government saw fit to make satisfactory reductions in its duties on products imported from the United States, and the resulting increase of our sales to Cuba is graphically presented in the left-hand portion of the STUDY on page 81.

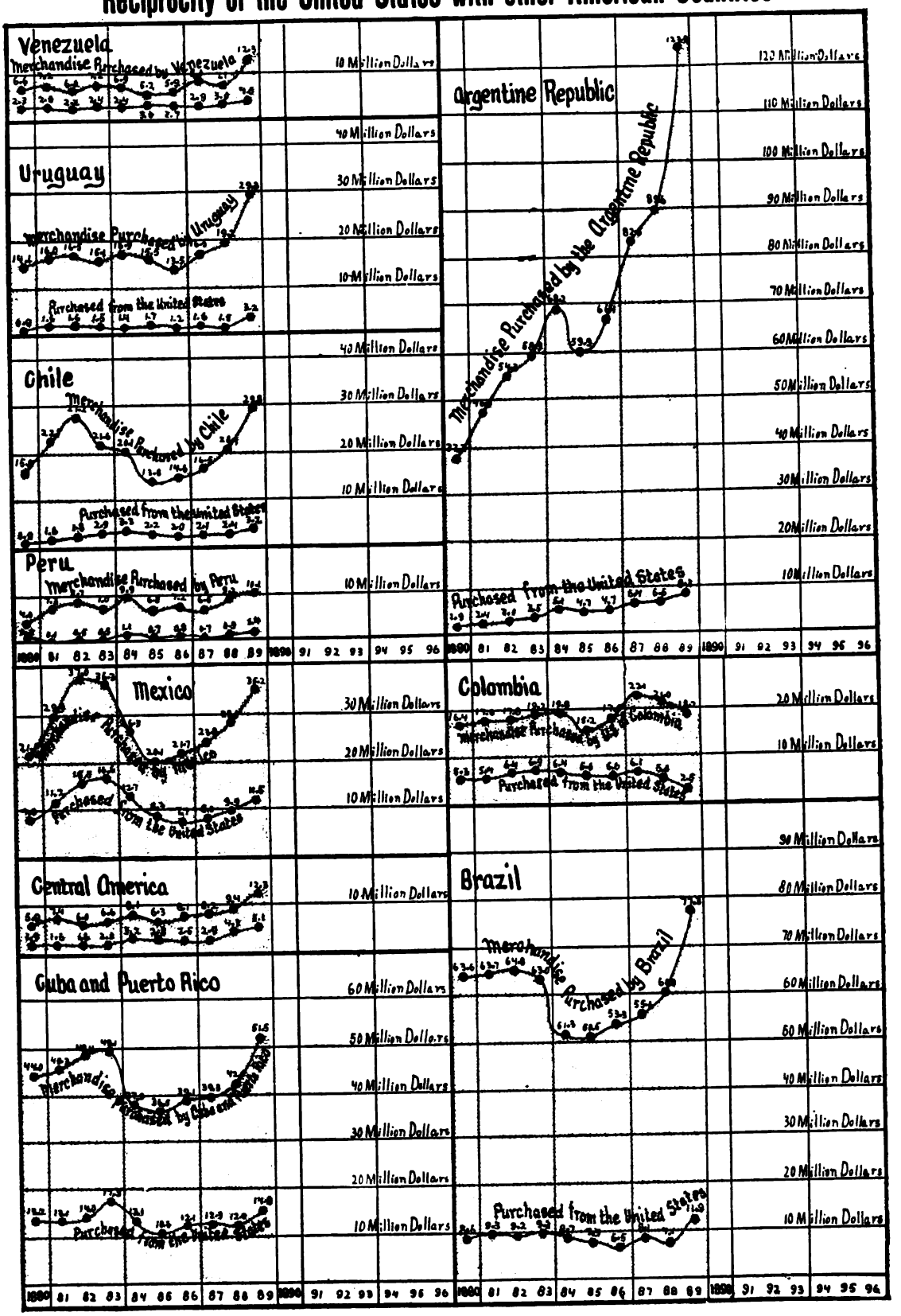
Reciprocity not Free Trade.—There is a notion with many persons that reciprocity is a step towards free trade.

Free-traders propose to lay and collect duties on products which the United States cannot produce for the express purpose of raising a revenue. They expect that such articles shall cost the consumer more by exactly the amount of the duty.

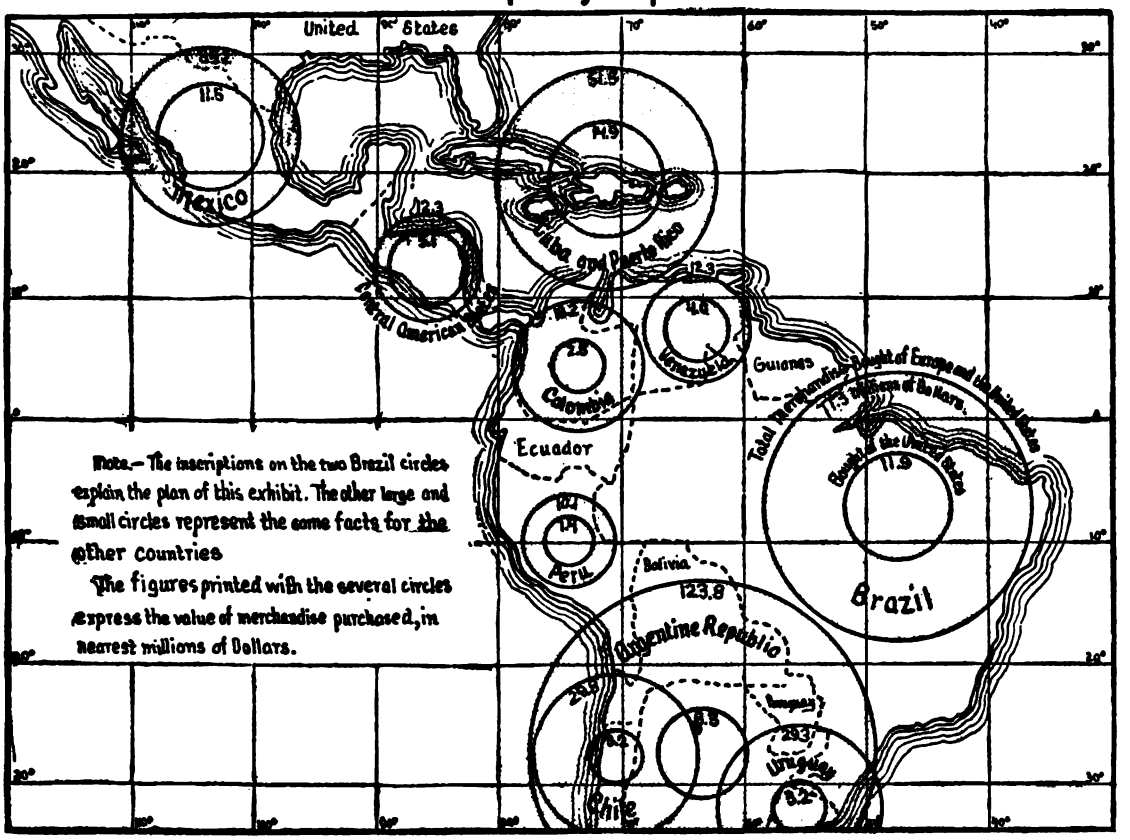
Reciprocity also proposes to lay duties on such articles, but there is no expectation of collecting the duties laid. In case a nation should refuse to make satisfactory reciprocal arrangements, the result would be simply to shut that nation out of our markets, leaving all of the articles enumerated to be imported free from other countries. There would then be no increase in price of the articles against which the duty was proclaimed. Neither would the revenue of the Government be increased thereby.

The actual result of reciprocity is to make it an object for other nations to buy our products. It is in no sense a free-trade measure, but, instead, is a natural application of the central principle of protection, which is, to encourage home production.

Reciprocity of the United States with other American Countries



Reciprocity Map



GRAPHIC STUDIES, Nos. 57-58.

Explanation.—See the general explanation on page 13, for the plan of STUDY 57 on the opposite page. In the above STUDY 58, ten countries are each marked by a circle enclosing a lesser circle. The outer circle represents the total merchandise bought by a country in foreign markets; the inner circle represents the amount bought from the United States. The sizes of the several circles are proportional to the purchases which each one represents.

QUERIES ANSWERED.

203. Do South American countries purchase largely from other countries?

The STUDY on the opposite page shows the yearly purchases of merchandise by ten countries, lying south of the United States, for the ten years 1880–1889. It is readily seen that the Argentine Republic leads all others, both in amount of purchase and in the rate of increase.

The list includes the countries that buy most. Central America shows the lowest average of any in the exhibit, and any omitted country would show a smaller average still.

204. What part of the total purchase of South American countries is drawn from the United States?

The line of dots near the foot of each color chart marks the purchase of merchandise by these countries from the United States. It is easy to see that in most cases it is relatively small, and also, that in most cases it has not increased in proportion to the increase of total purchases during the ten years.

205. What reciprocity countries are near to the United States?

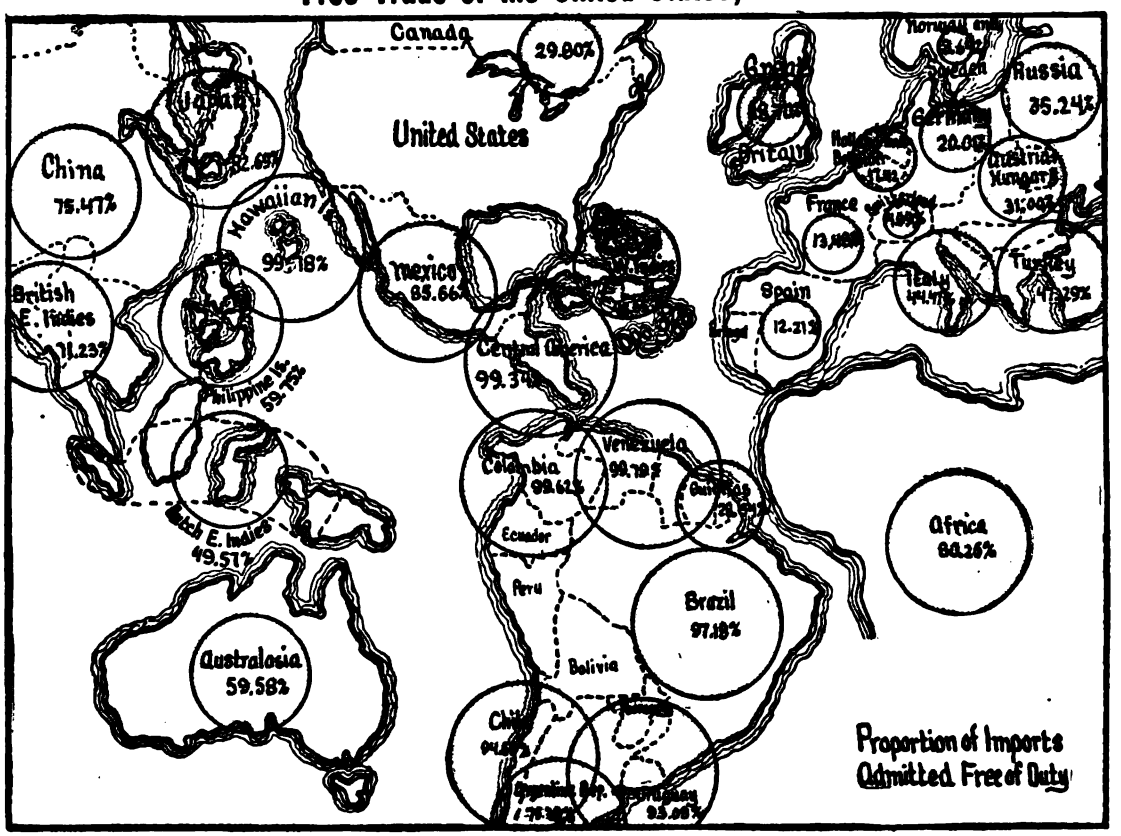
The natural reciprocity countries are those which export tropical products. The map above gives the location of the several countries as related to the United States and to each other. It is plain that they are all easily accessible to the United States by water, and are commercially its near neighbors.

206. What are the possibilities of Reciprocity with these countries?

The circles on the map show by their size the comparative total purchases of these countries and their purchases from the United States. They repeat in another form the facts presented for the year 1889 on the charts opposite. These exhibits clearly show (1) that the United States has a large market for its products, near at hand, and (2) that the control of only a small part of that market has yet been secured.

AUTHORITY.—"Commerce of the United States and certain European Nations with American Countries," 1890, p. lxxxii, published by the United States Government.

Free Trade of the United States, 1891



GRAPHIC STUDY, No. 59.

Explanation.—The several countries are represented by circles, differing in size according to the proportion of imports from each, admitted free of duty by the United States. A large circle shows that the United States admits free of duty a large part of all goods imported from the country marked by that circle. The figures within each circle express in per cents. the proportion of imports admitted free from the country represented by the circle. Examples—The large circle of Brazil has the figures 97.18 per cent. meaning that over 97 per cent. of the import from Brazil, was admitted free in 1891; while the very small circle of Switzerland, with its figures, indicates that only about 5 per cent. of the imports therefrom are admitted free.

QUERIES ANSWERED.

207. From what countries does the United States draw most of its imports?

All countries from which the United States imported merchandise to the amount of two million dollars in 1891, are included in the above exhibit, either singly or in groupings. In the case of Canada the exhibit includes all British possessions in North America, that of Russia includes all the Russias, and that of Turkey includes Turkey in Europe and Turkey in Russia. Neither Ecuador, Peru, nor Bolivia, represent an import of even one million dollars. The map represents, then, substantially the import of the United States from the whole world.

208. Was the proportion of the import admitted free in 1891 exceptionally large?

By turning to page 21 it will be seen that in 1891 the proportion of total import admitted free was 45 per cent. By glancing back over the exhibits on pages 20 and 21 it will be seen that a map made to show the proportion admitted free during the latter part of the War Tariff Period, or during the Moderate Revenue Tariff Period (Walker Tariff), or during the High Protective Tariff Period of the first half century (1821–1833), would have few large circles.

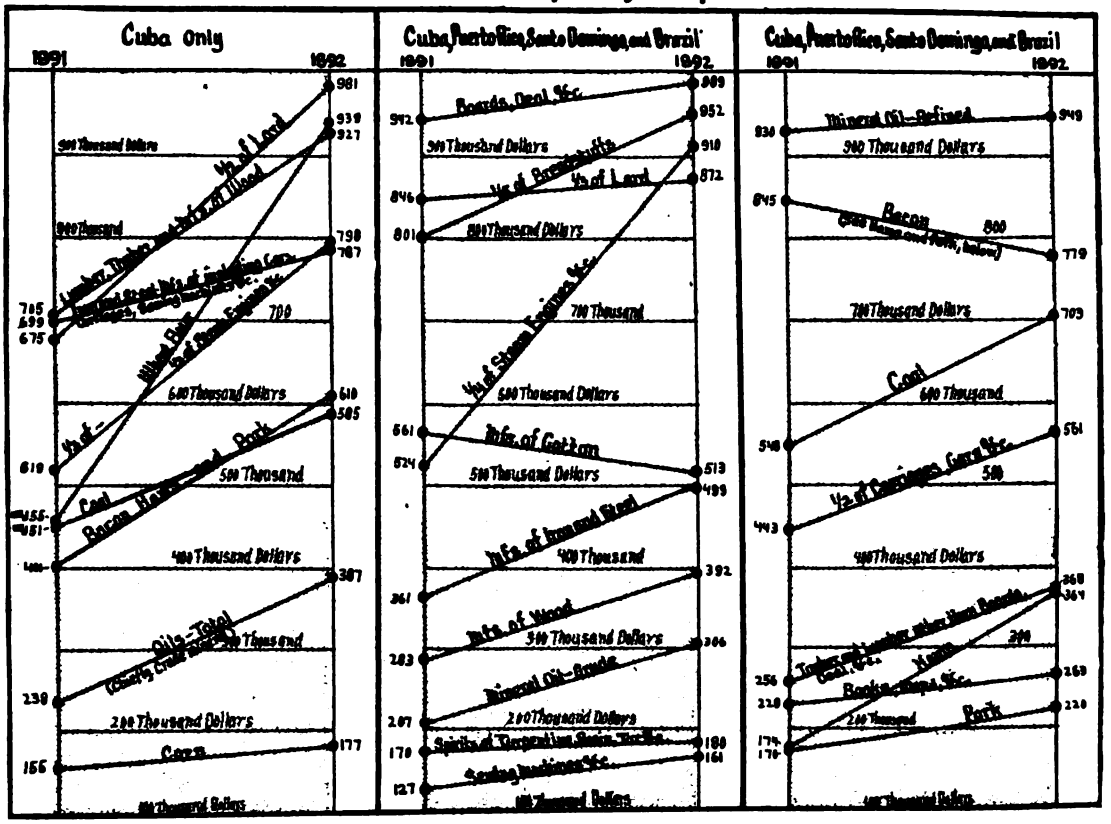
209. Does not the present Tariff allow a very free trade with a large part of the world?

It is evident that the present tariff laws provide very free trade with such countries as do not compete directly with the home productions of the United States.

The free-trade policy would put the large circles over European countries; that is, it would open wide the doors to admit free such products as American working men are producing, thereby either depriving them of work or compelling them to work under the conditions of the European laborer.

AUTHORITY.—"Annual Report of the Treasury Department on Foreign Commerce," 1891, p. 58.

Results of Reciprocity—Exports



GRAPHIC STUDY, No. 60.

Explanation.—The dots at the left of the color columns represent the amounts of merchandise purchased from the United States during the eight months ending February 28, 1891, by the countries named at the top of the color columns. The dots at the right of the color columns represent the amounts so purchased during the eight months ending February 29, 1892.

In a few cases it will be noticed that only a part of a product is represented, as for example: "½ of lard" near the top of the left hand color column. Only one half of the purchase is represented here, because to represent the full amount, on the scale adopted, would require a column nearly twice as high, and for the whole of "Breadstuffs" in the middle column, one nearly five times as high. In these few cases the reader will understand how great an increase there really was, by placing the dots in imagination from two to five times as high.

The products selected include all that could be shown within the range of the scales.

It is to be noted that the left hand column of the STUDY is devoted to Cuba only, while the other two represent the total of the four countries named (Cuba, Puerto Rico, Santo Domingo and Brazil).

QUERIES ANSWERED.

210. Are the full results of Reciprocity presented above for the countries named?

The official report does not make it possible to represent the actual results of reciprocity in detail, for the period under reciprocity and a corresponding period of the preceding year, in any case except that of Brazil.

The eight months ending February 28, 1891, represent a period in which no reciprocity treaties were in force. The eight months ending February 29, 1892, represent, in the case of Brazil, eight months under reciprocity, since the treaty with that country has been in force since April, 1891. In the case of the other countries named, the treaties had been in operation but six months, so that the eight months ending February 29, 1892, represent only six months under reciprocity with two under non-reciprocity.

211. What have been the results of Reciprocity?

With a single exception (manufactures of cotton), the comparison shows a marked increase in purchases of United States products under reciprocity.* It is all the most sanguine could expect, and proves the wisdom of the framers of the McKinley law in this particular feature.

AUTHORITY.—"Treasury Department Document No. 1302 Bureau of Statistics," p. 20, and following pages.

* "Bacon" in the third column indicates a loss, which the gains of "Hams" and "Pork" more than overcome, and therefore "Hog Products," as a whole, show a gain.

212. How do the results of reciprocity benefit the farmer?

In looking over the list of articles in the foregoing exhibit, it is noticeable that, taking the middle column and right hand column, representing the total results, the line representing "Breadstuffs" takes a prominent position. It is to be noted, however, that, to give it its true position, it must be carried up five times as high, because it represents only one-fifth of the total purchase.

The gain in breadstuffs is, therefore, five times the gain indicated in the diagram; that is, five times $150,000, or $750,000 in eight months, making $1,125,000 a year.

213. How do the results of reciprocity benefit the manufacturer?

The gain indicated by the line, entitled "½ of Steam Engines, etc.," is $386,000. The whole gain is four times as much, or $1,544,000 for eight months, or $2,316,000 for the year. To this total must be added the gains on "Manufactures of Iron and Steel," "Carriages and Cars," "Sewing Machines, etc.," "Manufactures of Wood," "Boards, Deal, etc.," and "Timber and Lumber," making a total annual gain of over $3,000,000 in purchases of manufactures from the United States.

214. How do the increased sales of manufactured products also benefit the farmer?

How much of wheat was there in these "Steam Engines," "Carriages, etc.?" What did the men live on, who took the ore and coal from the ground. and cut the trees in the forest, and shipped the products from mines and forest to the factories, and from the factories to market?

There is not a product of the manufacturer but represents the farmer in large measure, including oils, spirits of turpentine and coal, and every other manufactured product purchased by these countries. All increase of home production provides a better market for American-grown wheat and foods of the various kinds.

215. Does reciprocity give the United States advantages in Europe?

Germany and France had excluded pork raised in the United States. Beside this exclusion of pork, Germany had made a reciprocal treaty with Austria-Hungary, by which agricultural products from that country were admitted to Germany on more favorable terms than from this and other countries.

At the same time Germany was selling to the United States some 500,000 pounds of beet sugar. Germany did not want to give up this market for its beet sugar, and the reciprocity clause of the M'Kinley Law enabled President Harrison not only to induce Germany to admit the pork of the United States to its markets again, but also to have other American agricultural products put on the same advantageous footing as those of Austria-Hungary. France also made equally advantageous concessions.

Free Trade Reciprocity.—Free-traders are fond of calling the protectionist's reciprocity a sham. They point out that the exports of South American countries are almost exclusively agricultural. By this phrase they seek to make the impression that to induce freer export from those countries to the United States is to bring here such agricultural products as our own farmers produce.

Farmers in the United States are certainly not harmed by the free import of sugar, coffee, india rubber and tropical fruits and nuts, which articles, except sugar, they cannot produce. These make up over two-thirds of the 199 million dollars' worth of total imports from South American countries. Tobacco and flax are imported to the amount of 16 million dollars, and both pay duty. In the single article of hides and skins (11 million dollars) he is left without protection, and in this one item only is "free-trade reciprocity" left to its own way.

The other side of the question is, do these southern "agricultural countries" desire the agricultural products of the United States? That question is answered affirmatively on the preceding page, by STUDY 60, showing the "Results of Reciprocity," which proves that the actual working of the existing reciprocity treaties is rapidly increasing the market for the breadstuffs and other agricultural products of the United States, as well as for its manufactured products.

Free-traders also refer to the "barrier of prohibitive tariff taxes against the richest countries of the world that stand ready to take our entire surplus of products and to exchange, therefor, commodities which are necessary, and are comforts of life among our own people." By these "richest countries of the world" are meant England, France, Germany, Spain, etc. Recent "Reciprocity" treaties with France, Germany, Spain and Austria-Hungary have opened new markets for the United States in those countries. England, under Free Trade, has robbed herself of all reciprocal advantages, as Lord Salisbury has pointed out, and therefore has nothing to give in exchange for any commercial opportunity. Besides this, as already shown (page 72), England now buys of the United States far more than she sells to us, and there is nothing to hinder an increase of her buying from us to any extent she may find profitable; but it would appear to be poor policy to give to England advantages which we can sell to other countries.

Taking into consideration the actual results of the McKinley reciprocity treaties, it would seem that the abundant advantages already gained and those definitely assured for the future, deserve something more than a sneer from honest men.

Ocean Carriage.

In the economic discussions which have characterized political controversy for many years past, industrial interests of many kinds have been examined and re-examined. Laws have been enacted to protect them, and annulled to leave them to struggle unaided.

One great industry, that of American shipping, has been neglected, perhaps because it touches directly the interests of comparatively few of the law-makers, particularly in these later years when the homes of so many Congressmen are remote from the seaboard.

American Shipping.—The earlier colonists were quick to begin to use the ocean as a highway for transportation. Before Plymouth settlement was five years old it had built a little vessel, and in 1631 Massachusetts had built the "Blessing of the Bay." Before 1650 the commercial enterprise of New England had shown itself by entering the general foreign trade, thus extending its mercantile business across the ocean, and including a considerable foreign coasting trade. Early in the eighteenth century English ship carpenters complained of the competition of Americans, and in 1760 the colonies were building new ships at the rate of about 20,000 tons a year, and were selling most of them in England.

English Opposition.—In 1651 the English Parliament passed the Navigation Act forbidding the carrying of colonial produce to England, unless in vessels having an English captain and crew. Ten years later the Crown forbade the shipping of sugar, tobacco, indigo and other articles grown or manufactured in the colonies, to any country but England; and in 1663 the colonies were forbidden to receive any European products not transported by English ships loaded in England.

This monopolizing of the ocean carrying trade by the Crown was, however, in thorough keeping with the sentiment of the European nations of that date. They planted colonies with a view to making them contribute to the interest of the mother country in all cases. The English Government was not alone in holding that this was the prime object of establishing colonies in the new world.

Protection of American Shipping.—That our early legislators felt the importance of thorough protection to the ocean carrying trade is plain. The second Act passed by the first Congress, July 4, 1789, imposed a discriminating duty of more than 100 per cent. on Asiatic trade, notably on teas brought in foreign vessels. The third Act (July 20, 1789) provided that American ships entering our ports should pay tonnage rates of only 6 cents per ton, and that ships built in the United States, but owned by foreigners, should pay 30 cents per ton, while those both built and owned by foreigners should pay 50 cents per ton.

The same Congress (Sept. 1, 1789) prohibited any but American vessels from sailing under the American flag. When these Acts were passed, foreign ships were carrying three times as much of our own exports and imports as were American ships. Two years later American shipping had gained the supremacy, and five years later (1796) carried more than ten times as much as foreign ships.

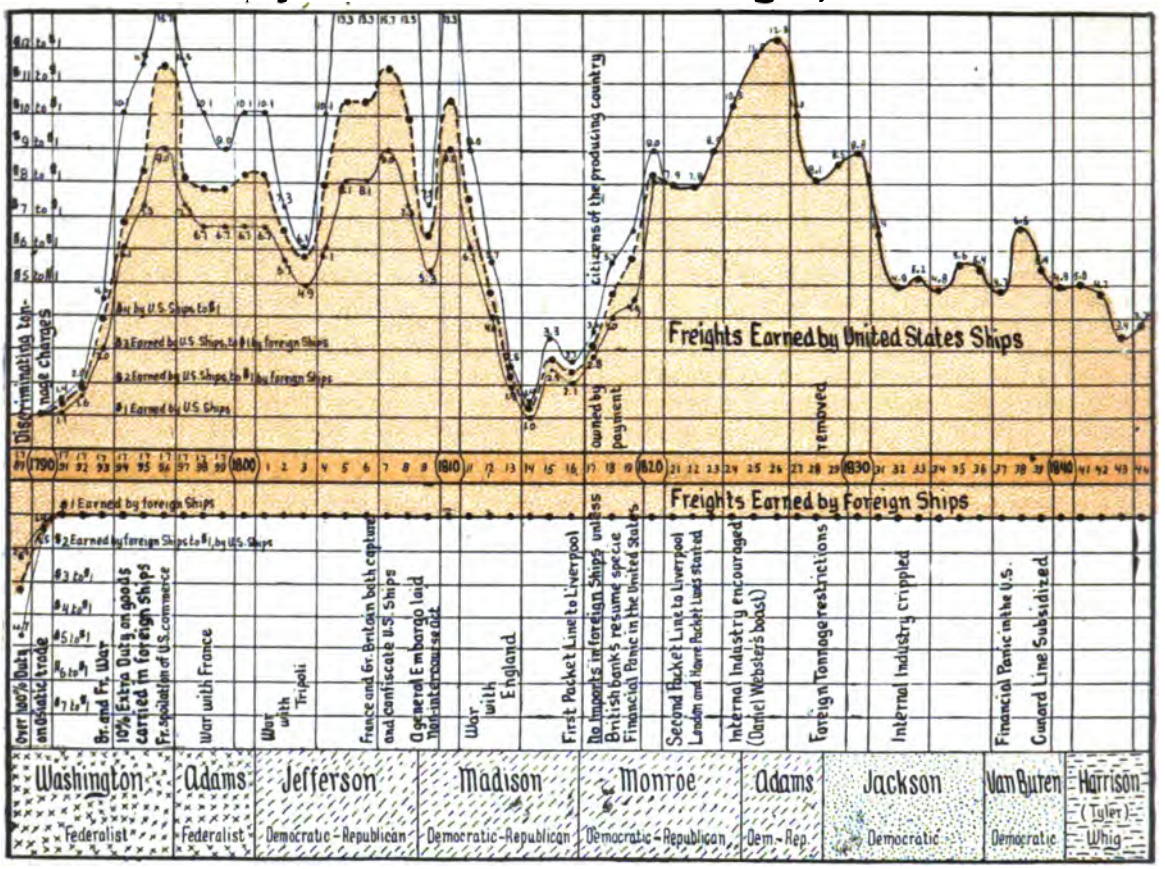
The Climax.—This great supremacy o. American shipping interests prevailed, except for the break occasioned by the war with Great Britain (1812-1815), until 1826, when it reached its highest point (see chart on the following page). In 1825 Daniel Webster, uttering the universal sentiment of the American people, said: "We have a commerce which leaves no sea unexplored; navies which take no law from superior force."

The London *Times* of May, 1827, openly lamented the decline of British shipping as follows: "It is not our habit to sound the tocsin on light occasions, but we conceive it to be impossible to view the existing state of things in this country without more than apprehension and alarm. Twelve years of peace, and what is the situation of Great Britain? The shipping interest, the cradle of our navy, is half ruined. Our commercial monopoly exists no longer; we have closed the West Indies against America from feelings of commercial rivalry. Its active seamen have already engrossed an important branch of our carrying trade to the East Indies. Her starred flag is now conspicuous on every sea, and will soon defy our thunder."

The loss of supremacy.—American supremacy made Congress careless, and in 1828 the protection, which seemed to them no longer necessary, was imperilled by opening American ports to the ships of all nations on the same terms as our own. In 1830 Great Britain began the system of mail subsidies, which enabled her ships to carry freights at correspondingly lower rates, and other nations have, at different times, adopted even more direct subsidies.

The whole history of the decline of American shipping is graphically shown in the following STUDIES on pages 84–89.

Loss by the United States of Ocean Freights, 1789-1891.



GRAPHIC STUDIES, Nos. 61-62.

Explanation.—The two charts extending across pages 84 and 85, together present the history of ocean freight carriage between United States ports and foreign ports for the entire century of the nation's existence.

The charts each consist of two parts, one above and one below the central base line, or band of darker color, along which are designated in figures the years from 1789 to 1896. (See general explanation of STUDY 1, page 13, and of STUDIES 55-56 on page 74.)

On either side, the farther the irregular line of dots extends above or below the dark band, or central base line, the larger the freight earnings represented (dollar for dollar). The line of light dots above the upper edge of the color in the portion of the chart covering the years 1789 to 1821, delineates the proportionate earnings on the carriage of imports alone, and the similar line below the upper edge of the color those on exports alone. The official documents furnish only the exports and imports separately. The edge of the color follows a line between the two, and is a close approximation to the proportion earned on the total carriage.

QUERIES ANSWERED.

216. What were the relative freight earnings of American and foreign shipping in 1789-90?

When the government was organized, the earnings of American shipping in ocean carriage were less than those of foreign shipping in the transporting of our own exports and imports.

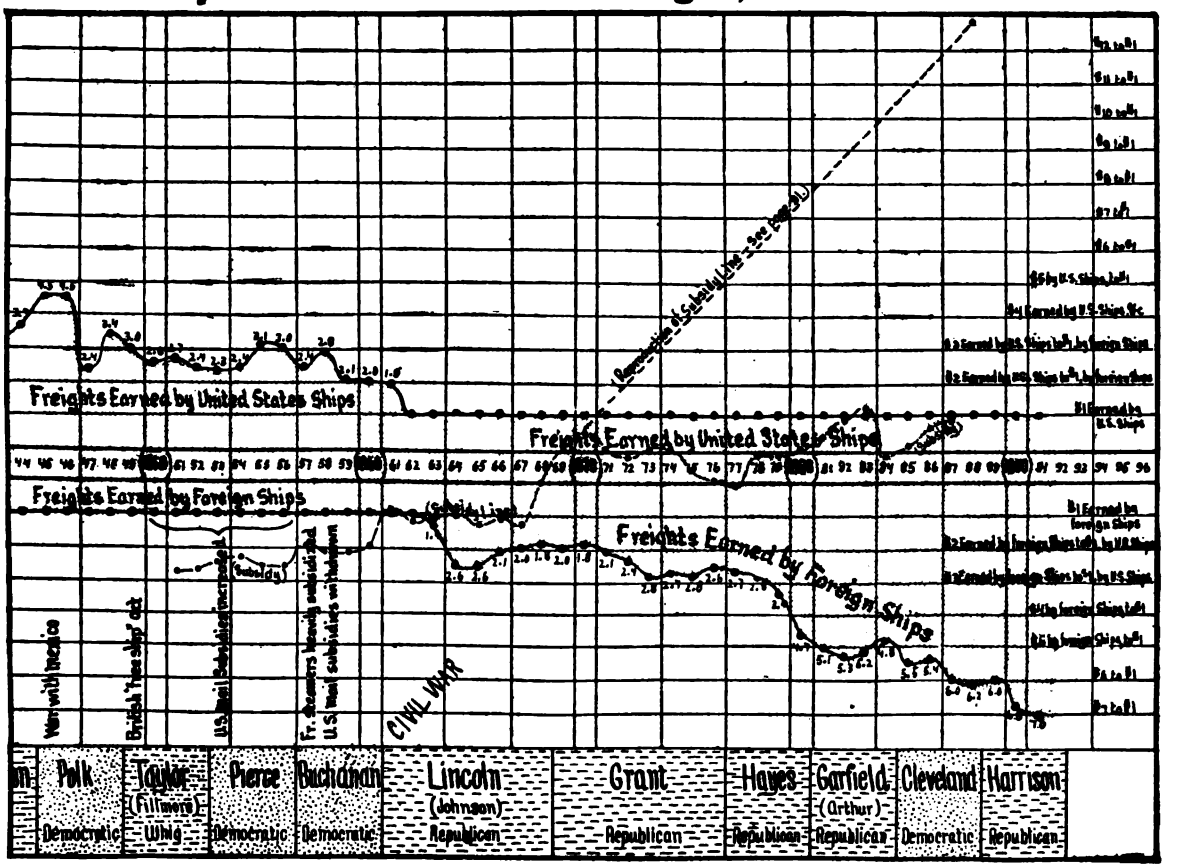
At the left hand of the above chart, it is seen that for the year 1789, in Washington's first administration, the lighter color extends but one space above the dark band, or central base-line, and extends three spaces below the base-line. This shows that, during 1789, foreign ships earned three dollars in ocean freighting to and from American ports to one dollar earned by United States ships. In 1790 the foreign earnings were reduced, but were still greater than ours in the proportion of $1.50 to $1, as shown in the chart.

217. What were the relative freight earnings of American and foreign ships from 1791 to 1810?

After 1790 United States ships took the lead, and by 1792 their earnings doubled the foreign; in 1793 they quadrupled the foreign, and the increase continued until, in 1796, they were,

AUTHORITY.—For 1789 to 1821 "Report of the Commissioner of Navigation," 1890. p. 133; for 1821 to 1891, computed from data given in the "Quarterly Report of the Treasury Department Relative to Imports, Exports, etc." No. 4, 1879-1880, p. 511, and the "Annual Report of the Treasury Department on Foreign Commerce" for 1891, p. 93.

Loss by the United States of Ocean Freights, 1789-1891 (continued).



as shown by the chart, about $11.50 for every dollar earned by foreign ships. There was then some falling off from this advantage until 1803, when a rapid increase again brought it up, in 1808, to nearly the former highest point, which was not again reached and exceeded until 1825–26, in the administration of the younger Adams. The decided advantage, however, remained with American shipping during the entire first half of the century, and, indeed, until the second year of the Civil War.

218. What caused the great decline of American freight earnings from 1810 to 1814?

The Embargo Act of 1807, by which the United states hoped to starve Great Britain into subjection, seriously affected the American ocean carrying trade; and the non-intercourse act of 1809 more or less in force until 1812, followed by the war with Great Britain (1812–1815), very nearly destroyed American supremacy in ocean carriage, as is clearly seen by the chart for the period of Madison's term.

219. What legislation aided American ocean carriage after the war of 1812-1815?

In 1817 Congress enacted that no imports of merchandise from foreign countries should be carried in foreign ships except those owned by citizens of the country from which the goods were shipped.

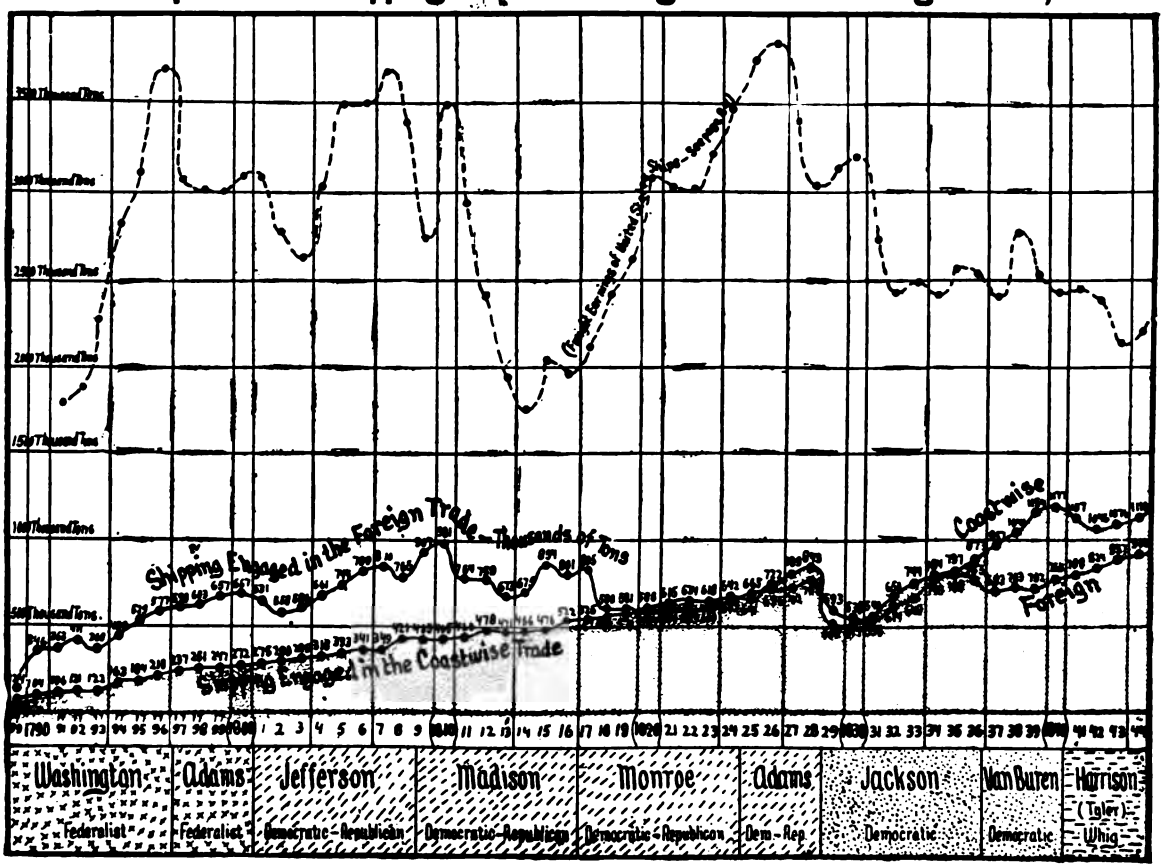
The recovery was very rapid, and in 1826 the earnings of American shipping reached their highest point, being over twelve dollars to one earned by foreign ships.

220. What caused the continuous decline of American earnings after 1826?

The chart shows several periods of greater or smaller decline and recovery previous to 1826. It would be natural to expect a continuation of such fluctuations, but the record disappoints the expectation. The causes are not far to seek. Our legislators adopted free trade in respect to shipping by removing the tonnage restrictions in 1828 just at the point, when, as indicated in the chart, American shipping seemed about to recover its former advantage. Added to this, Great Britain, aroused by the prosperity of American shipping (see page 83), and having no way of reaching important markets, except by the ocean, determined (1830), upon the extraordinary course of the payment of mail subsidies, which gave English ships an advantage in offering freight rates.

Since that date, although our foreign commerce has increased greatly (see chart on page 67), and although our shipbuilding has at times greatly prospered (see chart on page 89), yet there has been no corresponding gain of tonnage or of earnings by American shipping.

Comparison of Shipping in the Coasting Trade and Foreign Trade,



GRAPHIC STUDIES, Nos. 63-64.

Explanation.—The line of dots marking the upper edge of the color shows the variation, year by year, in the tonnage of ships engaged in the coasting trade of the United States.

The companion line of dots extending either above or below the upper edge of the color, represents the tonnage engaged each year in the foreign trade. The figures accompanying the dots express the tonnage in thousands of tons for the several years, which are designated by figures below the color.

The lighter line of light dots is a reproduction from STUDIES 61-62, pp. 84-85, of the line showing the gain and loss of ocean freight earnings by American ships during the same period.

QUERIES ANSWERED.

221. What produced the sudden increase, in 1790, of American tonnage engaged in the foreign trade?

The strong protection given to American ships carrying freights to foreign countries, lifted that branch of the service at once into great importance, and for many years it was triple or double the tonnage engaged in the coasting trade. Both increased until 1810.

222. What checked the growth of the tonnage in the foreign trade in 1870?

The growth of tonnage engaged in the foreign trade met its first check in 1810. This was undoubtedly due to the Non-Intercourse Act of 1809, which forbade citizens of the United States all commerce with England or France.

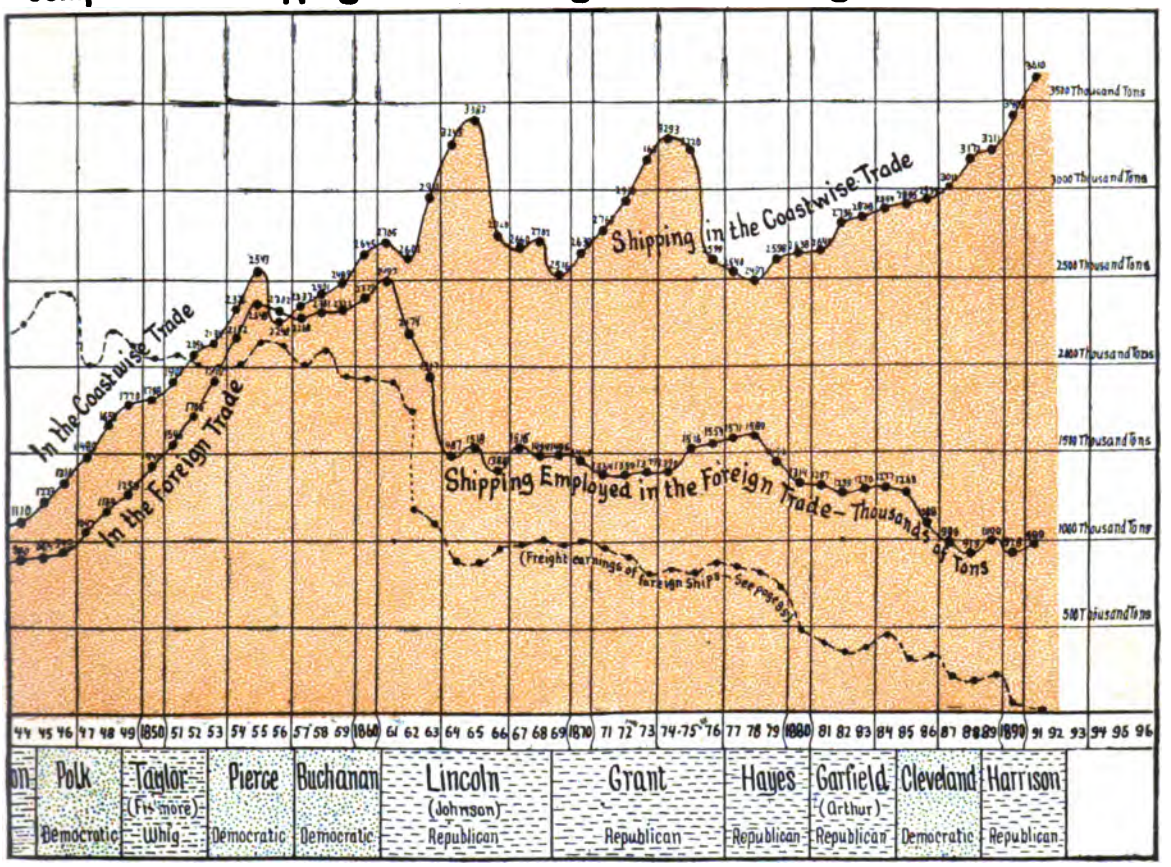
223. Did the tonnage in foreign trade increase as much as the ocean freight earnings of American shipping?

The line of light dots in the upper part of the diagram shows that American ocean freight earnings increased very rapidly from 1814 to 1826. During this period there was little increase of the American tonnage in foreign trade, and as little increase in the volume of total foreign commerce.

The chart of Export and Import on page 66 shows that the foreign commerce of the United States increased rapidly from 1814 to 1816, then slowly decreased until 1820, and thereafter remained at a standstill for ten years. A comparison of the lines above, showing the large increase of freight earnings and almost no increase of the tonnage in foreign trade, makes it clear that American ships were winning a much larger part of the foreign carrying trade.

AUTHORITY.—"Statistical Abstract of the United States," 1890—p. 231, and 1891—p. 234.

Comparison of Shipping in the Coasting Trade and Foreign Trade--(Continued)



224. What checked the increase of tonnage in the foreign trade in 1828?

From 1789 to 1828 the tonnage in the coasting trade grew steadily, as is indicated in the chart by the increase in the width of the color. In 1828, however, the tonnage in both foreign and coastwise trade received a decided check.

The removal of tonnage discriminations against foreign vessels (see Query 220, page 84), easily accounts for the reduction in the shipping engaged in the foreign trade. It was the introduction of the policy of free trade into the transportation of foreign ocean freight.

225. What checked the increase of tonnage in the coasting trade in 1828?

STUDY 65, on page 88, shows a great reduction in shipbuilding from 1826 to 1830, which indicates that capital was abandoning that industry for some other. By referring to the STUDY on page 16 ("Tariff Periods"), it will be noticed that the years 1826-1830 mark the climax of the early "High Protective Tariff," known as Clay's "American System" (see Queries 26–27), at which time internal enterprises of many kinds and especially manufactures were in a highly prosperous condition. Capital was consequently freely attracted from investments in foreign commerce and shipping to various wholly domestic industries.

Corroboration for this explanation may be found in the fact that there was a marked increase of both foreign and coasting tonnage and of shipbuilding (p. 88) in the next four years (1830-1834), during which the tariff rates suddenly and sharply declined, indicating a withdrawal of protection from internal industries (see page 16). Under these conditions capital naturally returned toward maritime enterprises.

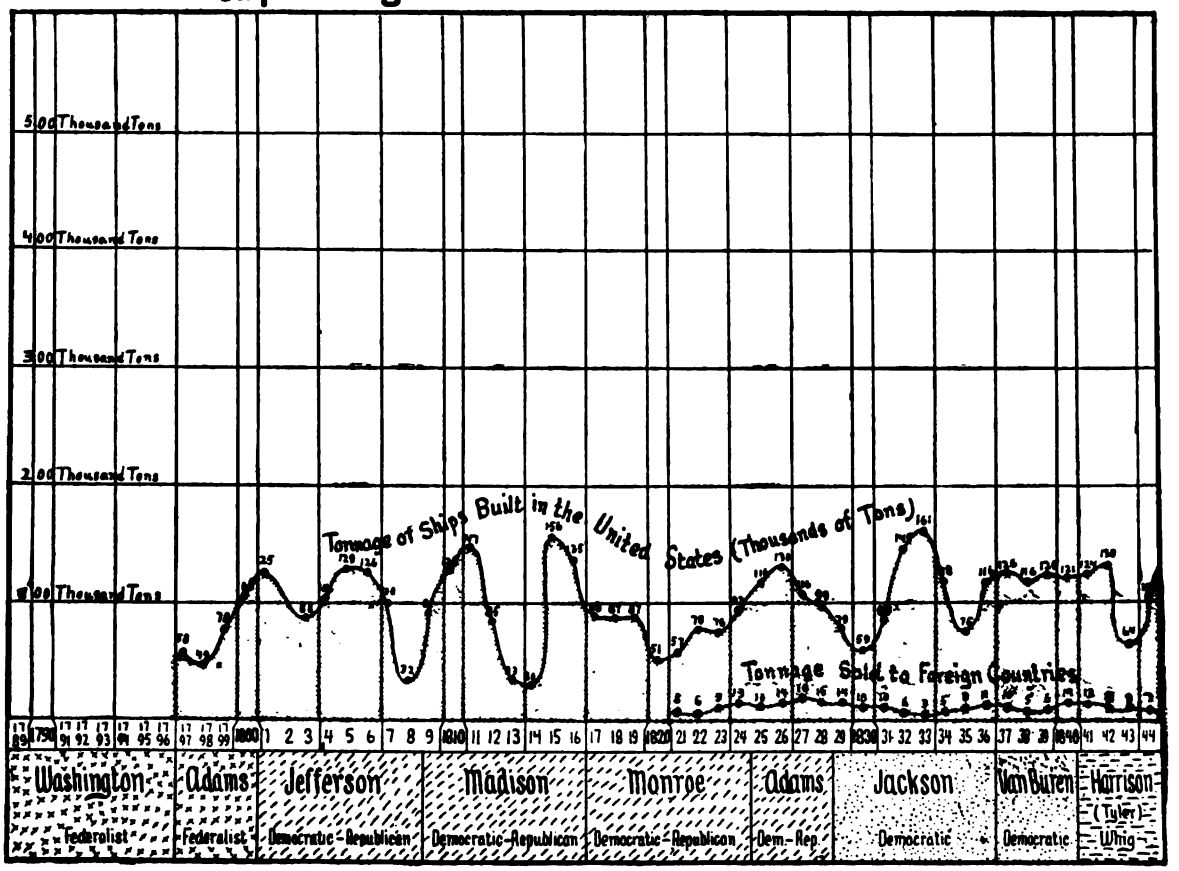
226. What increased both the foreign and coasting tonnage from 1844 to 1855?

The STUDY on "Exports and Imports," page 67, shows a very large increase of both exports and imports during this period. The United States was subject to the revenue tariff policy and, instead of producing all or nearly all of the manufactured products required, imported them in large measure. (See Queries 28-9, page 17.)

The wheat and other farm products required to feed the workmen in foreign countries, who did the manufacturing, had to be sent thither instead of finding a better home market, as would have been the case had the manufacturing been done in the United States. This increased export and import (see p. 67) accounts for the increase of tonnage in the foreign trade, and the distribution of the larger imports along our coast increased the coasting trade.

The comparative stagnation of internal industries turned active capital toward shipping.

Ship Building in the United States and Great Britain



GRAPHIC STUDIES, Nos. 65-66.

Explanation.—See page 13, for explanation of the plan of these STUDIES. There are no official records for ships built before 1797, and none for sales to foreign buyers earlier than 1821.

QUERIES ANSWERED.

227. How did the amount of American ship-building vary from 1797 to 1844?

The above chart of ship-building in the United States during its first half century presents a remarkable general uniformity, showing an average tonnage built annually, not greatly exceeding or falling short of 100 thousand tons.

It is evident, however, that from 1830 to 1844, the average was higher than for any like period previously. (The record for 1843 is of nine months only, excluding July, August and September.)

228. What gave the great impulse to ship-building in the United States from 1844 to 1855?

Nearly all direct protection to home industry had been removed. The national wealth was not developing rapidly by drawing large amounts of ores from the mines, or timber from the forest, or wool from agricultural sources. Raw materials of home production were not being utilized largely to create wealth in our own borders. Imports of foreign manufactures rapidly increased. (See Queries 72 and 226).

This expansion of ocean commerce called for the great increase of ship-building.

229. Did the increased ship-building from 1844 to 1855 increase the proportion of freight earned by American shipping?

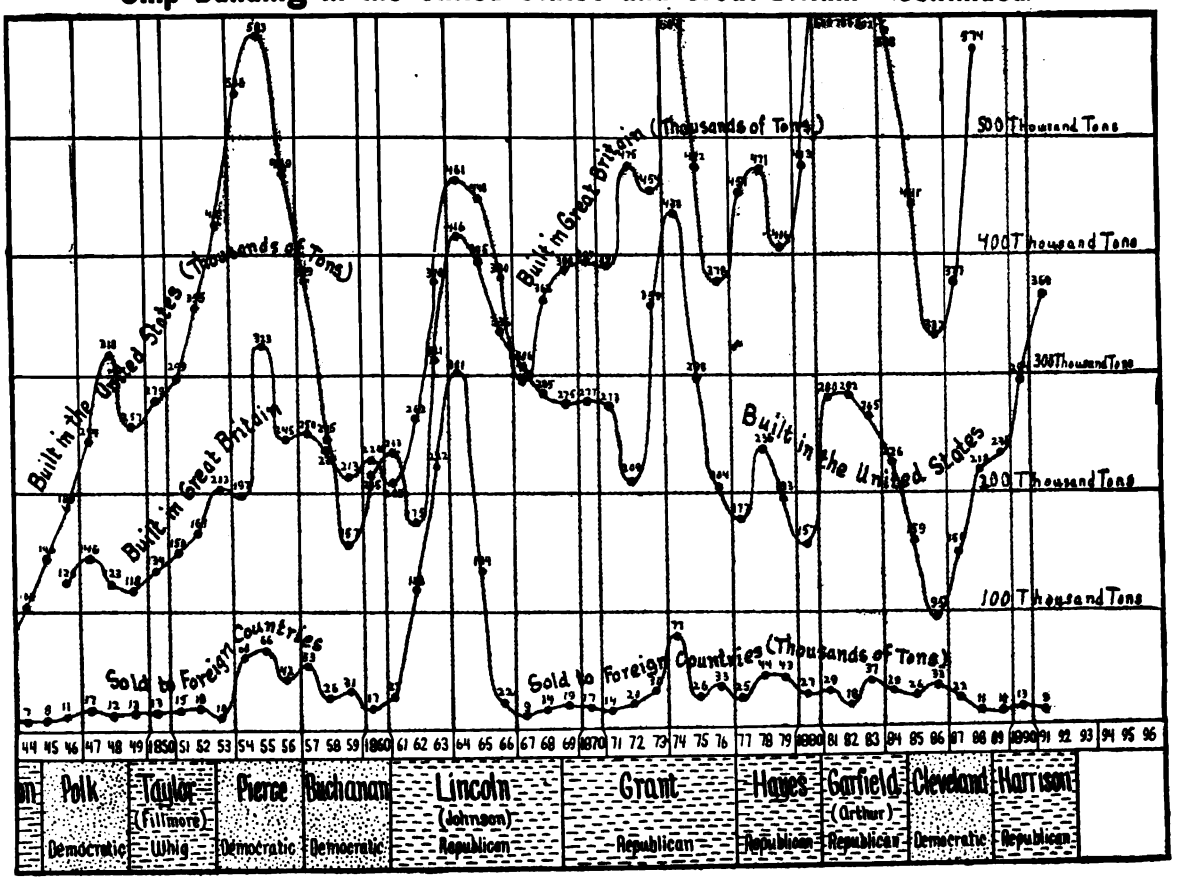
The chart on page 85 shows a loss from 1844 to 1855 in the proportion of ocean freights earned by United States ships. It seems strange that with the increase of (1) the total ocean commerce of the country (p. 67), and (2) the great increase of tonnage engaged in the foreign trade (p. 87), and (3) the very great increase in tonnage built (p. 89), there should be no increase in the proportion of freights earned by American ships. The only explanation is that the increase in freights fell to foreign ships as largely as to American ships and indeed more largely.

239. Why did ship-building decrease so rapidly after 1855?

The policy of buying manufactures from foreign nations enriched only those nations. Its

AUTHORITY.—*For the United States*, "Commerce and Navigation of the United States," 1889, p. 1000, and "Statistical Abstract of the United States," 1891, p. 235; for the *United Kingdom*, from 1842 to 1852, "Lindsay's Merchant Shipping," Vol. III., pp. 377-379; and for 1853 to 1859, data furnished by the Bureau of Statistics, United States Treasury Department.

Ship Building in the United States and Great Britain--(Continued)



effect on this country was to draw wealth from it constantly with no compensating development of its own resources. The United States grew poorer each year.

The pressure of a great financial panic was already making itself felt in 1855, although the panic did not culminate until 1857. (See Queries 33-37, page 19.)

The boom in ship-building collapsed in 1855-56. Ocean commerce rallied a little in 1856 and 1857, but dropped lower still in 1858 (p. 67).

231. Why did ship-building increase from 1862 to 1864?

This increase was due to two causes—(1) The total commerce of the United States shows an increase from 1862 to 1864 due chiefly to larger imports (see chart on p. 67); (2) the sale of shipping to foreign countries was enormously increased from 1861 to 1864 (see chart above).

The increase of tonnage employed in the coasting trade from 1862 to 1865 (see chart on p. 87) would seem to furnish a third reason, but this gain is fully offset by the decrease of tonnage engaged in the foreign trade (same chart) during the same years. The increase of ship-building during 1862-1864 has been followed, as the chart plainly shows, by a constant, though fluctuating decrease. The increase of ocean commerce since the war (see p. 67) has furnished an increase of freightage and ship-building. This increase evidently benefited other countries, and American capital found better inland investments.

232. How much has Great Britain's ship-building increased since 1846?

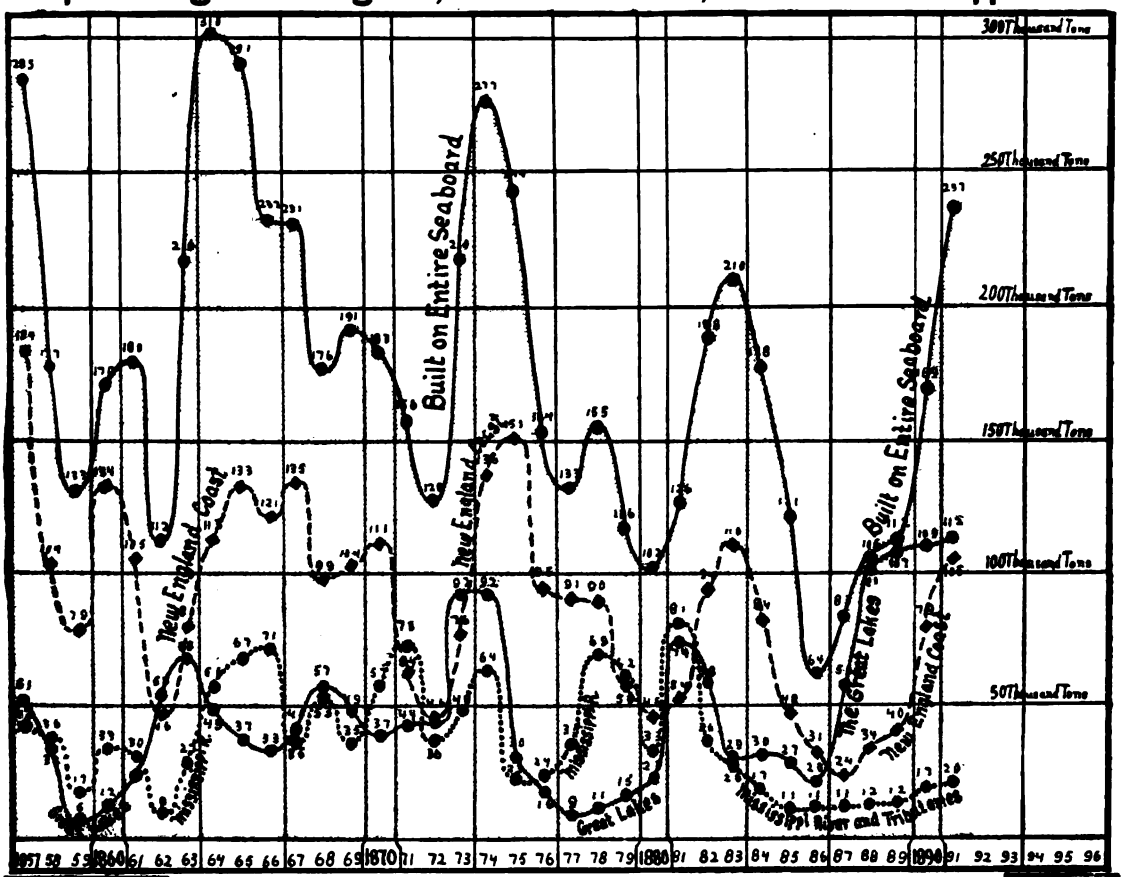
The chart line delineating Great Britain's tonnage built annually, shows an increase from 124,000 tons in 1846 to 461,000 tons in 1864. The fluctuations in American and English ship-building since 1873 show a remarkable coincidence as appears in the ups and downs of the comparison lines in the chart above.

233. Has the tonnage of American shipping engaged in foreign trade decreased since 1861?

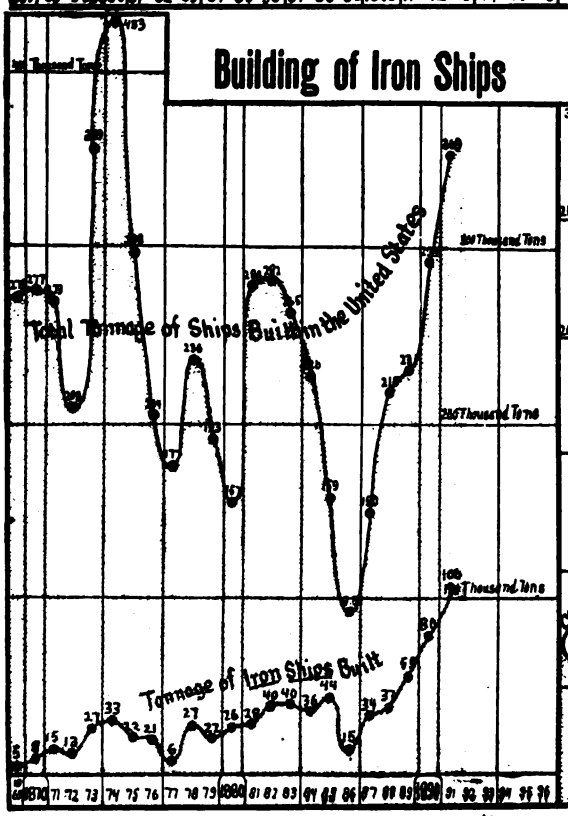
By referring to page 87, it is seen that the shipping engaged in foreign trade has greatly diminished since 1861, but that in the coasting trade has increased. The latter is strongly protected, as no foreign ship is permitted to engage in the coasting trade from one United States port to another.

This increase is very large, considering the fact that since 1864 the railroads have carried an increasing share of the freight between ocean ports, and is a remarkable example of what absolute protection actually accomplishes.

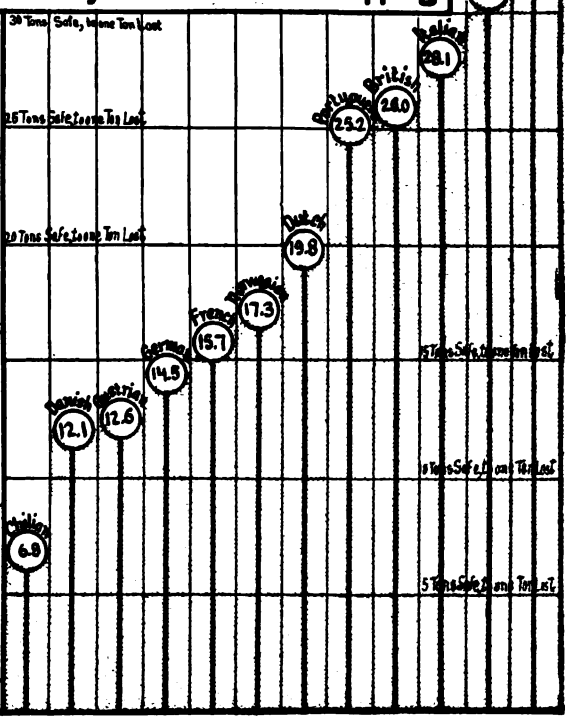
Ship Building--New England, the Great Lakes, and the Mississippi River



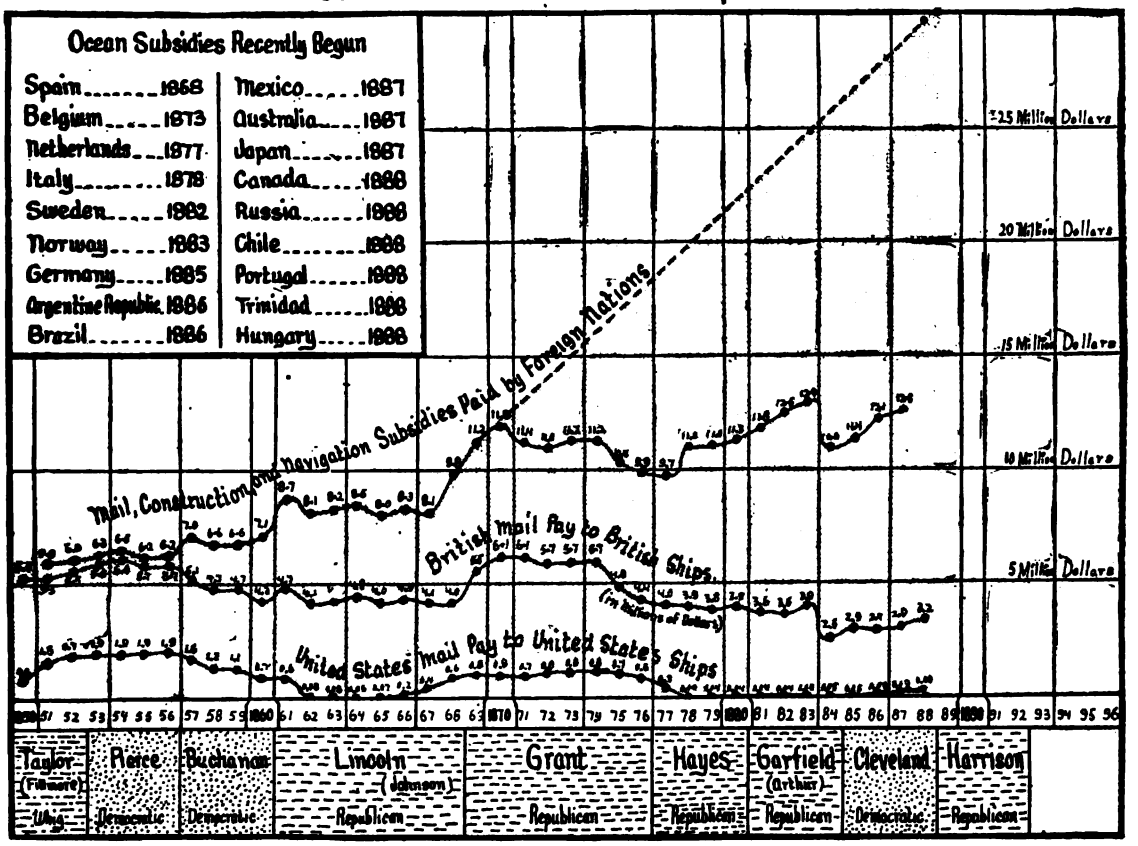
Building of Iron Ships



Safety of the World's Shipping



Subsidies to Ocean Steamship Lines



GRAPHIC STUDIES, Nos. 67-70.

Explanation.—For general explanations see page 13. In the "Safety of the World's Shipping," the figures printed inside the circles indicate the number of tons of shipping which passed safely through a year's service for each ton lost.

QUERIES ANSWERED.

234. How much of the entire seaboard ship-building has been done on the New England coast?

STUDY No. 67, at the top of the opposite page, shows that nearly half of all the ship-building on the entire seaboard, year after year, has been on the New England coast.

Since 1886, that of the Great Lakes has greatly increased, outstripping even that of the New England coast, and in 1888 and 1889 nearly equalling that of the entire seaboard.

235. How large a part of the ships built are of iron?

The left-hand lower chart on the opposite page shows that the tonnage of iron ships built in the United States has greatly increased in the past twenty years, and in 1891 embraced considerably more than one-fourth of the total output.

236. What country builds the safest ships?

STUDY 68, on the "Building of Iron Ships," at the left-hand lower corner of the opposite page, makes a remarkable showing. Nothing less than the incontestable official records quoted could convince Englishmen that the ships built in the United States are more staunch and actually safer than those sailing under the British flag, and that English ships rank lower in safety than those of Italy and Sweden.

The figures are for the year 1889-90 and deal only with classified tonnage. They are therefore a better measure of the merits of ships and seamen than if they included unclassified tonnage.

237. What are subsidies?

A subsidy is a sum of money or its equivalent paid by a government to aid a private enterprise, on the ground that it will be beneficial to national interests. Such aid has been given throughout nearly the whole history of the

AUTHORITY.—For *Ship-building—New England, the Great Lakes and the Mississippi River*, "Commerce and Navigation of the United States," 1891, p. 1115; for *Building of Iron Ships*, "Statistical Abstract of the United States," 1890, pp. 235-6; for *Safety of the World's Shipping*, "Repertoire Generale," issued annually by the Bureau Veritas, or French Lloyds, and including seagoing vessels inspected and classed in the official French, Italian, German, Austrian, Dutch and English marine insurance registers, and the "Record of American and Foreign Shipping;" for *Subsidies*, "Reports from the Consuls of the United States," No. 112, January, 1890, "Steamship Subsidies," and "Trade and Transportation between the United States and Spanish America," 1889, issued by the United States Government; also "Report No. 2889, House of Representatives 51st Congress, 1st Session."

United States by granting lands in aid of wagon roads, railroads, etc., with a view to the development of the country by hastening settlement and giving access to lands valuable for mining or agricultural purposes (see Query 26).

A direct subsidy is a payment of a sum of money, as a bonus, without requiring any specified service or other return. For example, some nations pay a direct subsidy of a certain sum per ton for the building of ships (construction subsidy), or for every thousand miles sailed, within a given time (navigation subsidy).

An indirect subsidy is a payment for some specified service, for example, carrying mails (mail subsidy) of a sum of money in excess of what would be paid for such service but for some supposed benefit thereby secured to the public at large, or to the government.

238. What is a mail subsidy?

A mail subsidy is a payment for carrying mails greater than would be paid if the contract was awarded to the lowest bidder under free competition, as is usually done in both the ocean and overland mail service.

From 1830 to 1885 Great Britain paid steamship companies for mail contracts and subsidies, over $250,000,000, and since 1885 has paid annually $3,750,000. Like subsidies have been paid by other nations.*

239. How has mail pay to United States ships compared with English mail pay?

The chart on the preceding page shows that up to 1878, American mail pay averaged only about one fourth as much annually as that of Great Britain. Beginning with 1850 the United States increased its mail pay rapidly; Great Britain, in the following year, made a similar increase and the fluctuations in the mail subsidies of both countries show a marked correspondence throughout.

240. What countries beside Great Britain pay ocean subsidies?

In 1858 France adopted a system of ocean subsidies, and beginning with 1868 other nations followed at intervals, until nearly every maritime nation of importance is included in the list of those paying subsidies, given in the upper left hand corner of STUDY 70, on the preceding page.

241. How much is paid annually in subsidies by foreign nations?

The available reports of mail, construction, and navigation subsidies paid anually by foreign nations give a total, varying from nearly six million dollars in 1851 to over twelve million in 1888. Beside these amounts officially reported, authentic and definite data of subsidy contracts in force in 1888, increase the total subsidies to nearly $30,000 for that year, as marked by the dot at the highest point of color on the preceding chart. (STUDY 70, p. 91.)

It is, therefore, within bounds to say that at the present date the amount of subsidy payments operating against United States ships in the foreign trade is not less than thirty million dollars per year. This fact serves to explain why the tonnage of "Shipping employed in the Foreign Trade" has declined steadily since 1861, and especially since 1878 (STUDY 64, page 87); and also accounts for the continued loss of American freight earnings (STUDY 62, page 85).

242. What chiefly caused the decrease of American freight earnings since 1828?

Foreign ships were admitted to United States ports on equal terms with our own in 1828, and in 1830 Great Britain adopted the policy of liberal mail subsidies. Since the latter date there has been an unbroken and disheartening record of loss.

In reference to her shipping engaged in foreign trade, England has, since 1830, pursued the policy of vigorous protection, and the United States (since 1828), that of virtual free trade.

243. What has chiefly caused the prosperity of American coastwise Shipping?

American shipping employed in the coasting trade has been protected by laws that prevent foreign ships from carrying freight between United States ports. Hence the coasting tonnage has far outstripped that in the foreign trade, notwithstanding that our foreign commerce has greatly increased, and that coastwise shipping has had to compete with railroad lines along the coast.

244. What has sustained American Shipbuilding?

Shipbuilding has thriven best at periods when the withdrawal of protection from home productions has driven capital from manufacturing and other domestic industries, and diverted it to ocean commerce.

The protection of American shipping on the coast and the Great Lakes has still required enough shipbuilding to maintain such skill in construction that American ships have proved more staunch and safe than those of any other nation.

245. What policy is needed to restore the supremacy of American Shipping?

The same aid given to shipping in the foreign trade which other nations are giving would, doubtless, again make the "starred flag conspicuous on every sea," and again realize Webster's boast of 1825: "We have a commerce which leaves no sea unexplored; navies which take no law from superior force."

*"Report of the Secretary of the Treasury," (Windom) 1889, p. lvi.

Finance.

Underneath every national policy and international controversy, lies finance, as a fundamental cause of action.

The money represented in a proposed change of national policy draws men powerfully to one side or the other. Moral questions may be involved, but the money question is so involved with them as to be difficult of separation.

The War of the Revolution.—As long as the American colonists were permitted to use the natural resources of the new world freely to earn a livelihood for themselves, and to market their products undisturbed wherever they could find a customer, there was no thought of war. When Great Britian said to the colonies, you must not manufacture, we will do that for you, and you must earn your living some other way, the international controversy was opened. When England added, you must not transport commerce on the ocean, we will take whatever profit there is in that branch of industry, the international controversy grew.

When the mother country proposed to collect a part of the earnings of the colonists, by means of the Stamp Act, and sent an army to compel the collection, with instructions that the colonists should take of their good money to feed and quarter the army, the Revolution was at hand.

The Civil War.—The South firmly believed that the North meant to destroy their slave property, upon which they relied to till their crops and support their homes.

Probably the leaders knew better, but the masses were led by this property question to fight to the death their own countrymen.

Free Trade and Protection.—The burning question of the hour, the tariff question, has for its whole foundation, the matter of finance. There are many patriotic men on both sides who have little personal interest in the controversy, but who, looking out on the great multitude of wage-earners, believe they see amelioration for them from the one policy or the other.

The free trader keeps his eye fixed on the price question as the chief element in the problem. He believes that by reducing the tariff the price of merchandise would be reduced still lower than now, and so the wage earner could buy still more with his day's wage than now.

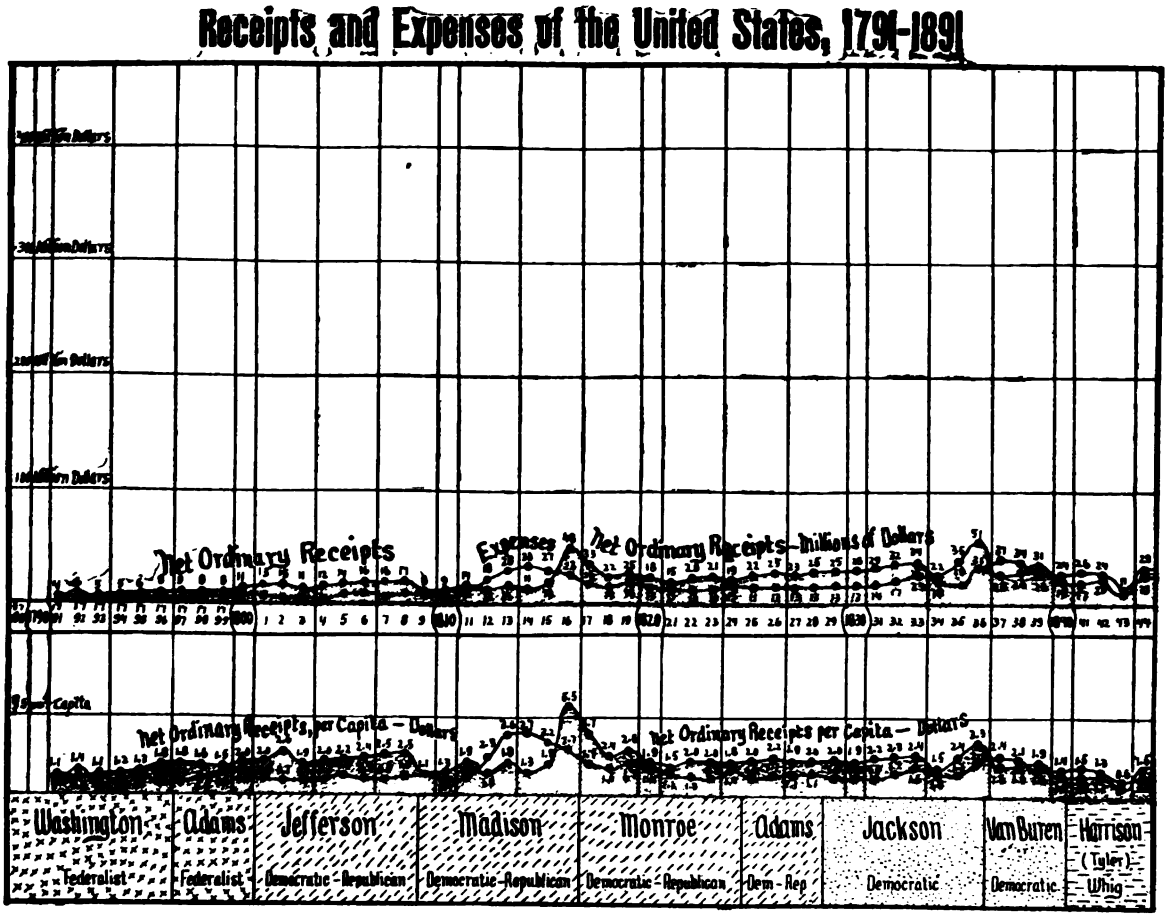
The protectionist includes in his view, the wage question as being of still greater importance than prices, and believes that a reduction of price, if it came with the removal of the tariff, would at most affect only a few of the expenditures of the wage earner, and that the attending reduction of wages would be so serious as to reproduce the disasters which have followed previous experiments of the same kind.

Government Receipts.—For the past twelve years, the money received by the government to meet its various expenditures, has averaged about a million dollars a day. In some years it has been less, and in some, more, but the average for the whole period has been very nearly that amount.

Of the whole sum received, about three-fifths has been collected as duties on imported merchandise under the tariff laws. It is therefore the most important source of revenue for the support of the government.

Nearly all the receipts of the government not coming from the tariff, are from collections of internal revenue. By turning to page 101, the reader will readily see that for the years 1864-1868 the receipts from internal revenue were very much in excess of those from customs or tariff revenue, and that for the three years 1877-1879 they were nearly as much as from the tariff revenue.

Government Expenses.—The chief expenses of the government, as enumerated in the "Report of the Secretary of the Treasury," are "War," "Navy," "Indians," "Pensions," and "Miscellaneous." These are called the ordinary expenses. The three items not classed as *ordinary* are "Public Debt," "Interest," and "Premiums." Whenever the "Public Debt" is all paid, these last three items will cease, for there will then be nothing to draw interest, and no bonds to buy at a "premium" for the sake of paying off the debt.



GRAPHIC STUDIES, Nos. 71-72.

Explanation.—The line of dots and accompanying figures running across the two pages at the upper edge of the upper color shows the changes in the annual receipts of the government, as indicated by the titles printed along the course of the line. The other line of dots on the upper chart shows the changes in the expenses of the government year by year.

The plan of the lower chart, crossing both pages also, is the same as that of the upper chart. The two lower lines delineate the per capita receipts and expenses

QUERIES ANSWERED.

246. What is meant by "Net Ordinary Receipts"?

The Secretary of the Treasury, in making his report, includes in the "Net Ordinary Receipts" all moneys that would come into the treasury, under existing laws and regulations, if the government was out of debt and at the same time made no new debt (borrowed no money) during the year included in the report.

The sources of revenue (receipts), under existing laws, are "Customs Revenue," "Internal Revenue," Direct Tax," "Sales of Public Lands," and "Miscellaneous" receipts.

247. What is meant by "Net Ordinary Expenses"?

As in case of receipts, so in case of expenses the "ordinary" expenses are those which must be incurred; if the government were out of debt.

The three items not included in *ordinary* expenses, are the moneys expended in paying the public debt (government bonds), the interest on the debt, and the premiums which the government sometimes pays on its own bonds, by buying them up before they are due.

248. Have the Government receipts generally exceeded its expenditures?

As the eye runs over the chart it is easy to see whether, in any year or series of years, the receipts or expenses have been the greater.

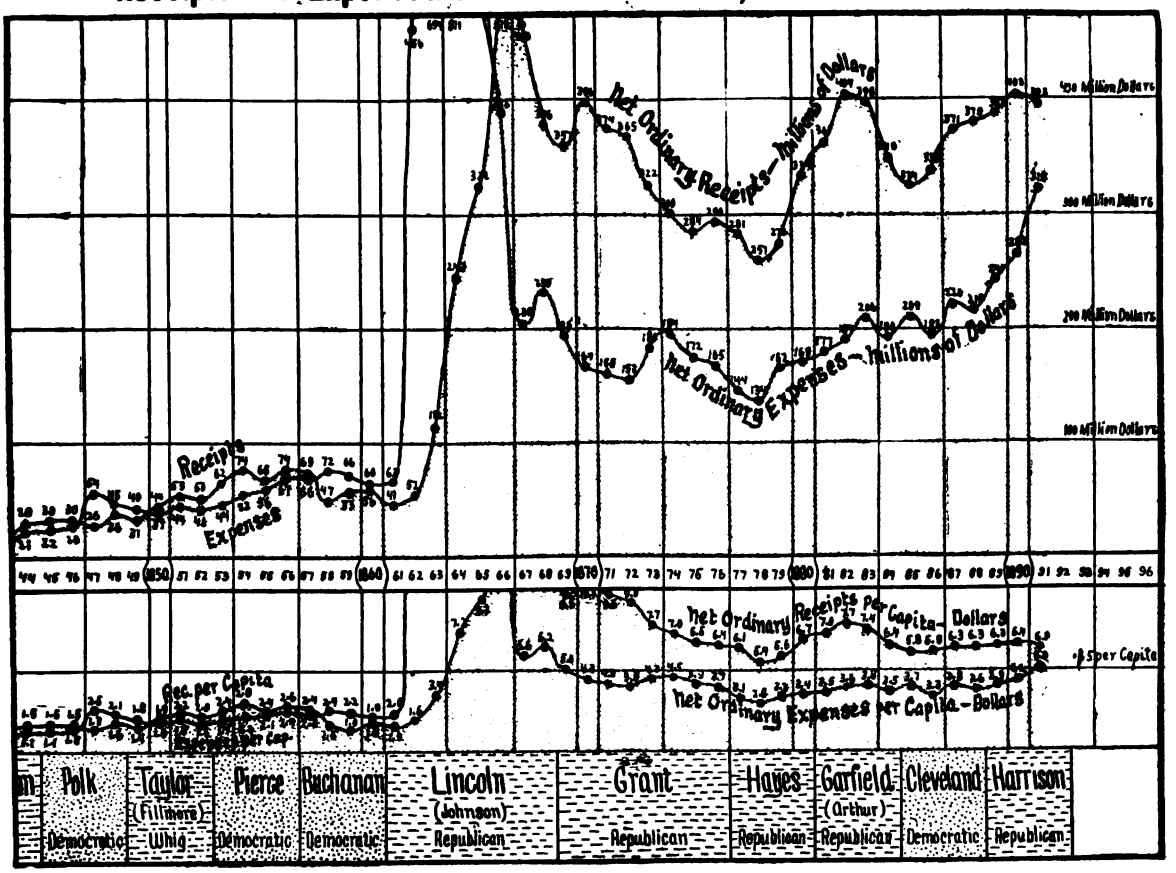
Beginning with 1791, it is seen that receipts were higher (except 1792) every year up to 1812. The war with Great Britain caused an excess of expenses until 1816.

249. When did the first "surplus" appear?

By glancing along the upper chart from 1816 to 1837 it will be seen that the receipts exceeded the expenses at an average of about ten million dollars per year. The war with Great Britain had left a debt of $127,000,000. This was grad-

AUTHORITY.—"Report of the Secretary of the Treasury," 1891, pp. ciii and cvii.

Receipts and Expenses of the United States, 1791-1891 (Continued)



ually paid off with its accumulating interest, and near the close of Jackson's administration, a "surplus" began to collect in the treasury.

The Democratic party in power, troubled at the prospect of a "surplus," resolved to get rid of it, by measures which were attended by a great financial panic throughout the country (see Query 36, page 19).

250. What is the danger of having a surplus in the National Treasury?

So long as the national treasury has no surplus, legislators are critical and careful about expenses, but when revenues are excessive, they are apt to become reckless even to criminality, in voting needless expenditures.

251. When was the second "surplus"?

The Civil War left the country with a debt amounting in 1866, to $2,773,236,173 (see STUDY 74, page 98); this was more than twenty times as large as the debt following the war of 1812-1815, while the population was only about double.

The tariff rate had been greatly increased during the war, for the express purpose of raising a revenue to carry on the war. A system of internal taxes was also adopted which created a large revenue, and still the expense of the war was greater than the receipts by many million dollars.

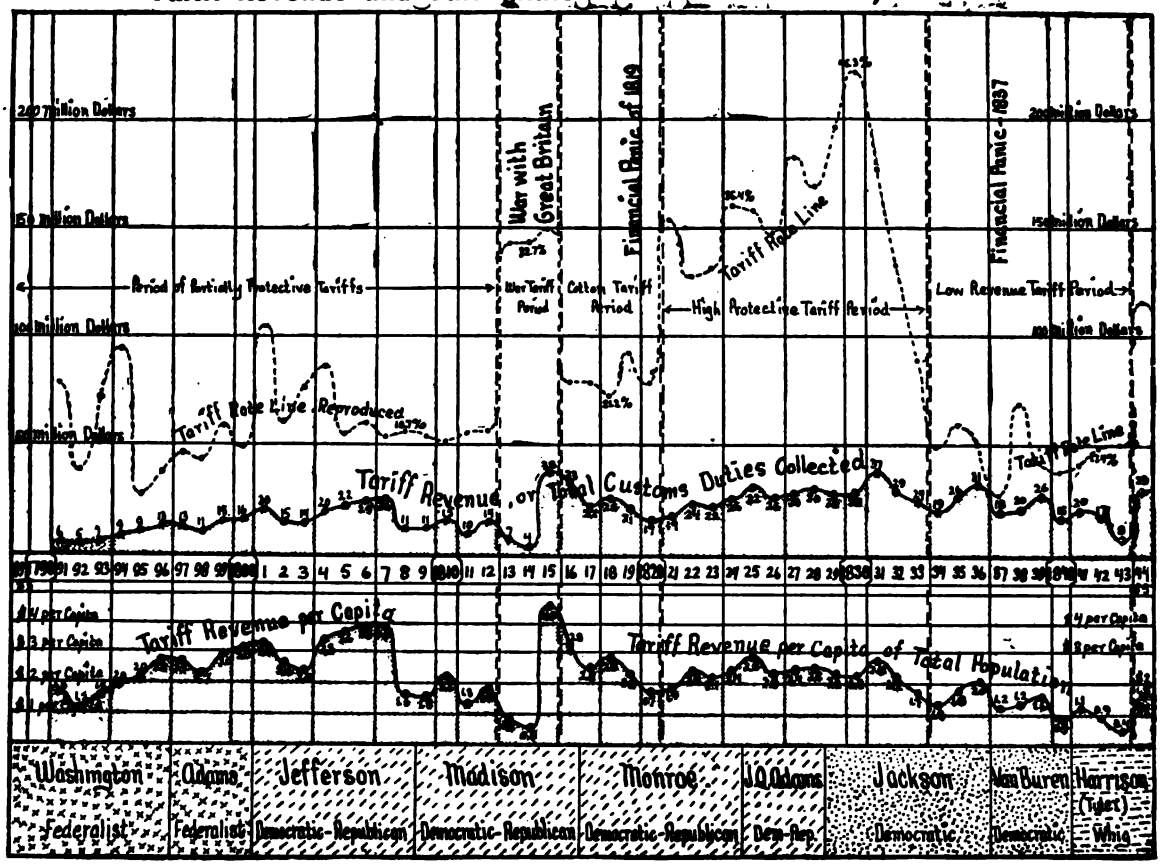
As soon as the war closed, however, the receipts largely exceeded the expenses, and as may be seen on the right hand chart above, by the wide separation of the lines showing "Receipts" and "Expenses" since 1865, the excess has averaged about 150 million dollars annually. A large part of the excess has been applied to paying the national debt, in many cases before it was due, and yet an increasingly large sum has been collecting in the treasury (see Query 262, page 98).

252. What is the true measure of receipts and expenses?

The lower chart crossing the two pages, showing the per capita receipts and expenditures for each year since the founding of the government, is for testing the comparative economy of administration at different periods. The expense line of that chart is the line of special interest. It is seen that the net ordinary per capita expenses of the government (which include pensions) after the close of the war, was reduced steadily until in President Hayes' administration it reached its lowest point, a little under three dollars per capita.

Since that date it has gradually increased, until in 1891 the government expenses for all purposes including pensions, reached $5 per capita; that is $5 for every man, woman and child; of this sum the expenditure for pensions was $1.90 per capita and $3.10 per capita for other "ordinary expenses."

Tariff Revenue and Tariff Rate in the United States, 1791-1891



GRAPHIC STUDIES, Nos. 73-74.

Explanation.—See page 13 for general plan. The lighter dotted line, mostly above the color of the upper chart, is a reproduction from STUDIES 2 and 3 on pages 14–15, of the line of average tariff rate on total imports for one hundred years. It is repeated here for the reader's convenience, so that increase and decrease of revenue may be readily compared with increase and decrease of the tariff rate.

QUERIES ANSWERED.

253. How did changes in tariff rates affect revenue from 1791 to 1806?

The "Tariff Rate line" above the upper color chart, marks very great changes in the tariff rate on total imports during the years 1791-1806, while the revenue line, at the upper edge of the color, shows very slight change. The data of earlier imports are not complete enough to furnish a full explanation of this marked lack of correspondence. It is, however, probably due to the changes in the foreign market price of, and in the home demand for, certain articles of merchandise. (See Queries 20-21, page 15.)

254. What caused the marked decrease of revenue in 1808 and 1813-14?

In 1807 an Embargo Act was passed which largely stopped foreign commerce, and consequently, without any reduction of tariff rate, the decrease of imports on which to collect duties reduced the revenue in 1808 to less than one-half that of the previous year. The war with Great Britain shut off imports and decreased revenue, although the rate had been greatly advanced.

255. What caused the sudden increase of revenue in 1815?

The war with Great Britain closed in February 1815, and all restrictions on foreign commerce being removed, imports poured in; the high tariff rates upon these, produced an immediate increase in revenue.

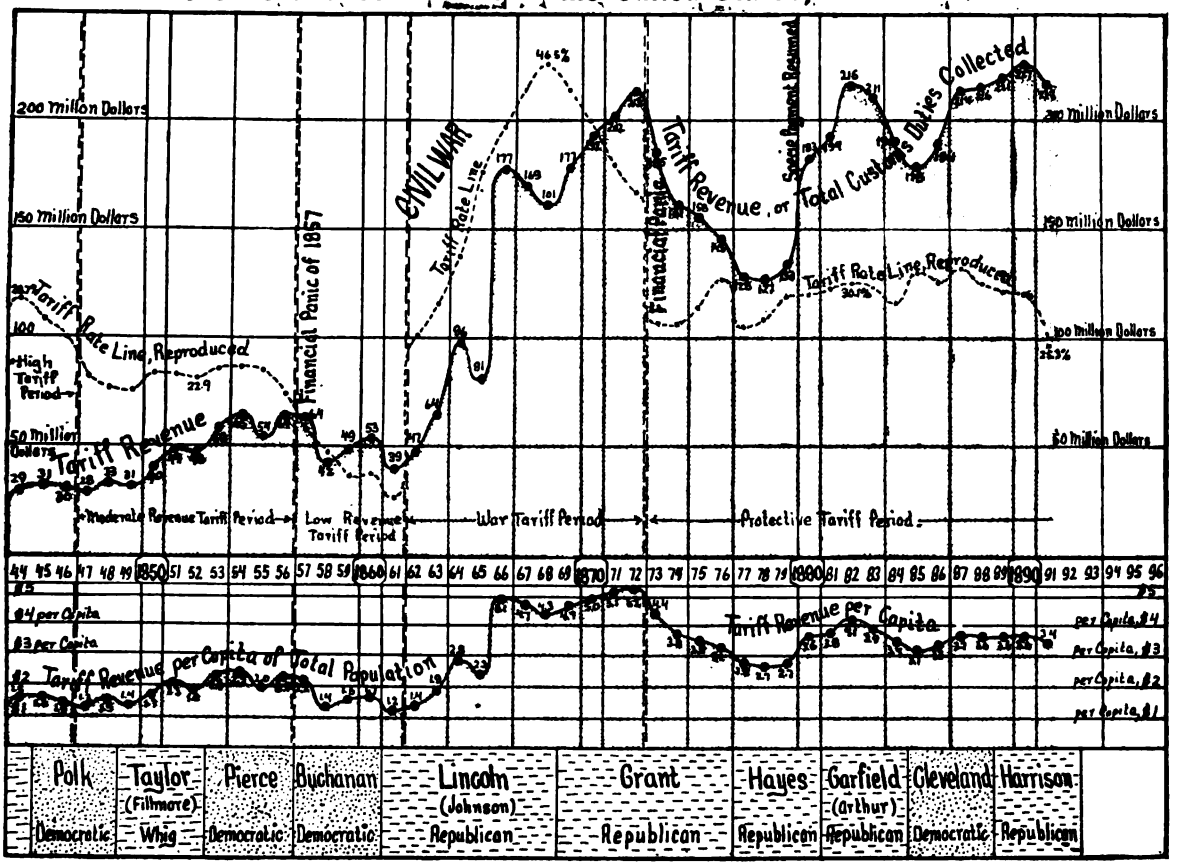
256. Why did the very high rates from 1821 to 1830 produce so little increase of revenue?

The rates of the "High Protective Tariff Period" were intended to be largely prohibitory of dutiable import; many articles were rated much higher still than the average rate, and it was the import of such articles that was stopped by the rate. The actual working of the law fulfilled its design, which was to transfer to home industry the production of these articles.

At the same time many articles bearing a much lower rate than the average indicated were imported freely and produced revenue.

AUTHORITY.—"Report on Imported Merchandise," 1891, p. xvii, published by the United States Treasury Department.

Tariff Revenue and Tariff Rate in the United States, 1791-1891 (Continued)



257. Why did the revenue increase from 1844 to 1854, although the rate was decreased?

By referring to page 67 it is seen from the chart of import, that imports greatly increased during that period. Whenever imports are sufficiently increased to overcome a decrease of rate, there is a resulting increase of revenue.

258. What caused the decrease of revenue from 1866 to 1868?

While the tariff rate was rapidly increasing from 1866 to 1868, yet the revenue as rapidly decreased. Again, it will be seen from the chart of imports, page 67, that during these years there was a great falling off in imports.

259. Does the revenue correspond more closely to the amount of import than to the course of the tariff rate?

Reference to the STUDIES on pages 70 and 71 comparing dutiable import and the revenue, shows a marked general correspondence between the two, while the above chart shows as marked contradictions as correspondences between the course of tariff rate and tariff revenue.

260. Can it be known beforehand what changes in revenue will result from a change of rate?

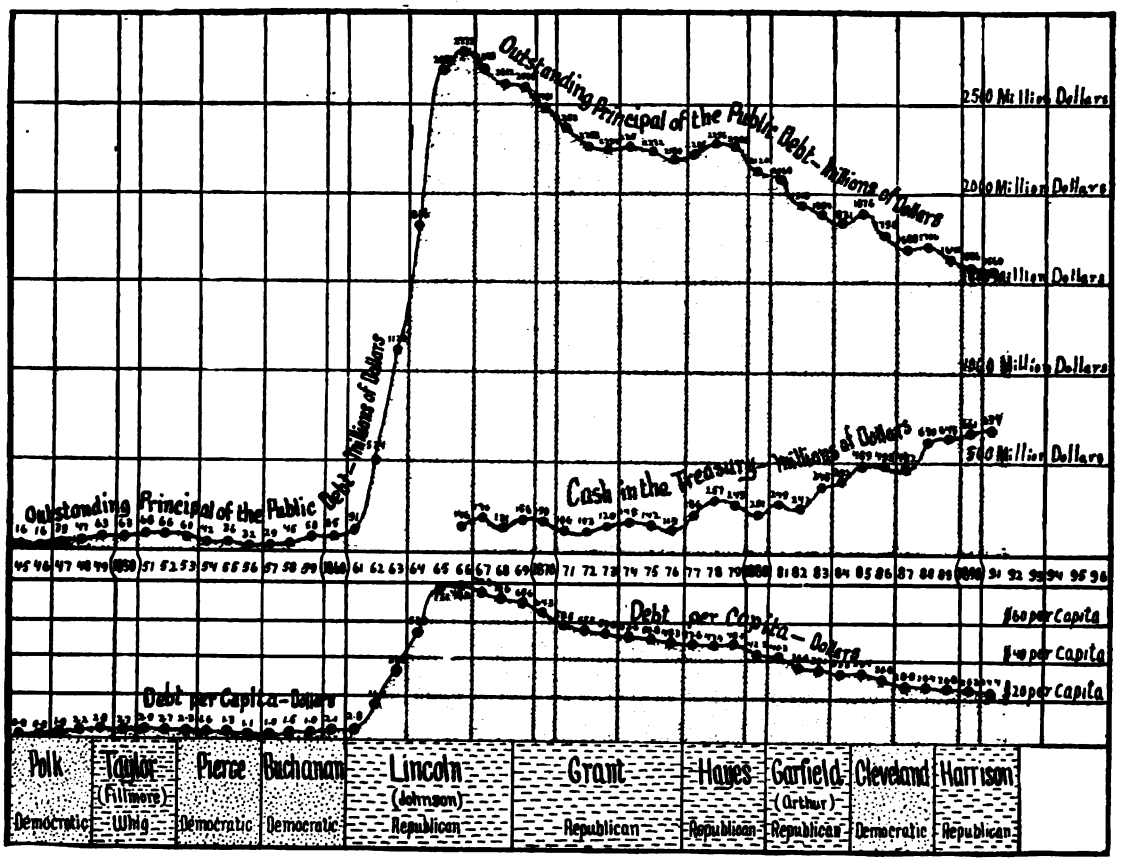
Examination of the above STUDY shows so many changes of revenue with no corresponding change of rate, especially from 1872 to 1890, and so many instances of an increase in rate coinciding with a decrease of revenue and *vice versa*, that it is plainly almost impossible to foresee what effect on the revenues a change of rate will produce. The condition of the markets and home production have much to do with increasing or decreasing imports in spite of tariff rates (see Query 7-8, page 12).

261. Has there been an increase of revenue per capita corresponding with the increase of total revenue?

The total annual tariff revenue since 1880 has averaged over 200 million dollars, which is more than ten times the average annual revenue during the first decade of the century. The true meaning of this enormous increase is found by comparing it with the increase of population, which is done in the lower chart. It is seen that the average revenue per capita since 1880 has been but little more than $3, which is about the same as that from 1804 to 1807, in Jefferson's administration.

Notwithstanding the vast increase of the total revenue it has no more than kept pace with the actual growth of the population.

The National Debt of the United States



GRAPHIC STUDY, No. 75.

Explanation.—The line of dots and accompanying figures along the upper edge of the lighter color in the upper chart, show the variation (in nearest millions of dollars) of the national debt of the United States, for the years 1845–1891, designated by the figures below the upper chart.

The shorter line of dots along the top of the darker color of the upper chart, delineates the amount of money (so-called "surplus") in the treasury each year since 1866. The debt per capita is delineated in the lower chart on the same plan.

The "Outstanding Principal of the Public Debt" given in the chart, is the amount shown by the records on July 1 of each year, which is the beginning of the fiscal year of the United States Government.

QUERIES ANSWERED.

262. How does the national debt from 1845 to 1861, above shown, compare with that of the first half century?

There was a large public debt at the organization of the United States Government. In 1791 it was over 75 million dollars, or about nineteen dollars per capita, which was reduced to 45 millions in 1812. From 1816–1818 it exceeded one hundred millions, and in 1837 was practically nothing. The debt of the first half century was in total amount, therefore, a very small affair as compared with that since the Civil War, although it was much of the time a little greater than that from 1845 to 1861 shown on the chart.

263. Does the amount of cash in the treasury lessen the actual outstanding debt?

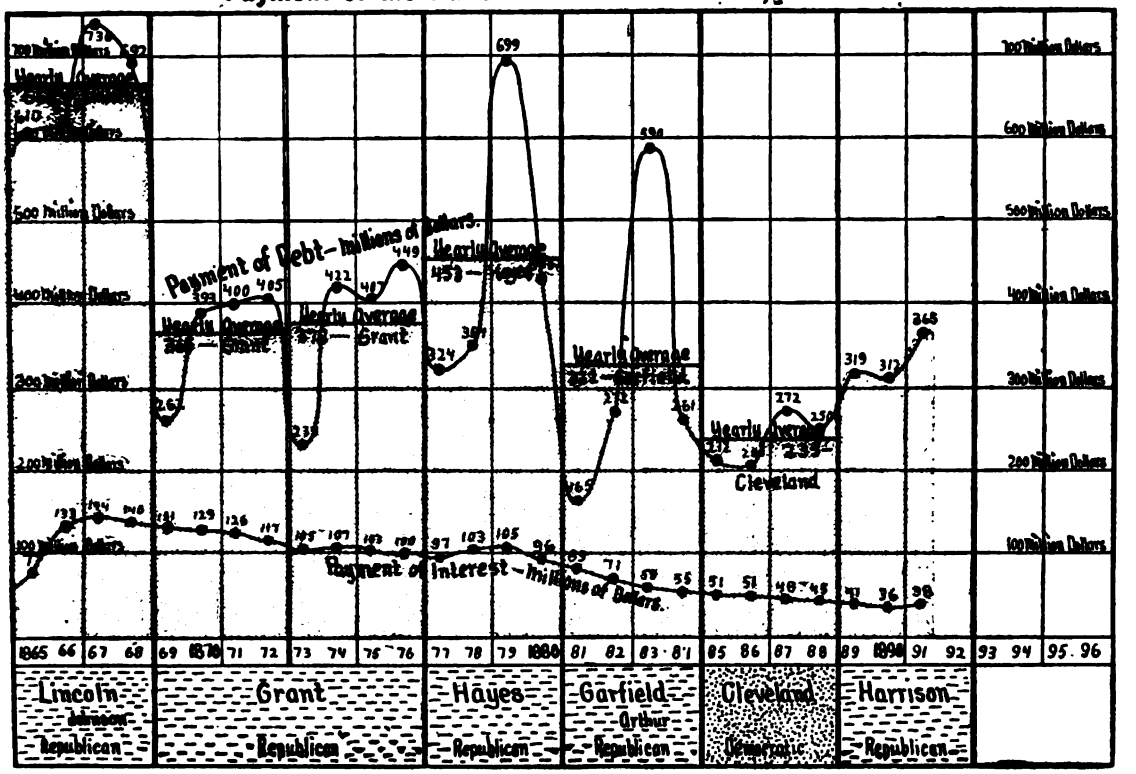
The above STUDY shows that a considerable sum of money has been collecting in the treasury, which in 1891 was nearly half as large as the debt outstanding. Had this sum of money been applied to paying the debt, there would never have been any such so-called "surplus," and the outstanding "principal" would be so much less. It has not been so applied, therefore the actual outstanding debt is as stated in the chart. Newspapers often report the debt per capita at what it would be if the cash in the Treasury were all used in paying the debt. The chart above shows the per capita debt computed on the total amount outstanding.

264. Why has not the cash in the treasury been used to pay the debt?

The debt exists in the shape of bonds having a greater or less number of years to run. The

AUTHORITY.—"Report of the Secretary of the Treasury," 1891, pp. lxxvi and lxxviii. Debt per capita, computed from the figures for outstanding debt and population therein given.

Payment of the National Debt and Interest, 1865-1891



men who have bought the bonds did so because they wished to collect the interest they bear, and they are not willing, in many cases, to accept payment of the principal, while it draws interest, and the government cannot compel the holders to surrender them.

GRAPHIC STUDY, No. 76.

Explanation.—The upper line of dots in the above chart shows how irregular have been the annual payments of the national debt since 1864. The figures with each dot express, in nearest millions of dollars, the sum paid in the respective years designated by the figures just below the color.

This diagram is divided into four-year periods by double lines running up and down across the diagram, each period being a presidential term. At the top of the color the average yearly payment of debt during the term, is given in figures, with the name of the President whose term is thus represented.

QUERIES ANSWERED.

265. What caused the great variation in the annual payments of debt?

The STUDY above shows the actual amounts of United States bonds cancelled at the treasury each year, but the actual reduction of the debt did not always reach these amounts.

In some cases large amounts of bonds bearing a specified rate of interest were canceled and replaced by the issue of an equal amount bearing a lower rate of interest. The most notable instance of this, was in Hayes' term (1879), when about 450 million dollars of 6 per cent. bonds, and 200 million dollars of 5 per cent. bonds were replaced by an equal amount of 4 per cent. bonds.

This was done to reduce the interest charge, but did not reduce the principal of the debt.

The STUDY on the opposite page, showing the annual reduction of the principal of the debt, year by year, is the true measure of what was accomplished by each administration, in paying the National debt.

266. What was the largest actual reduction in a single presidental term?

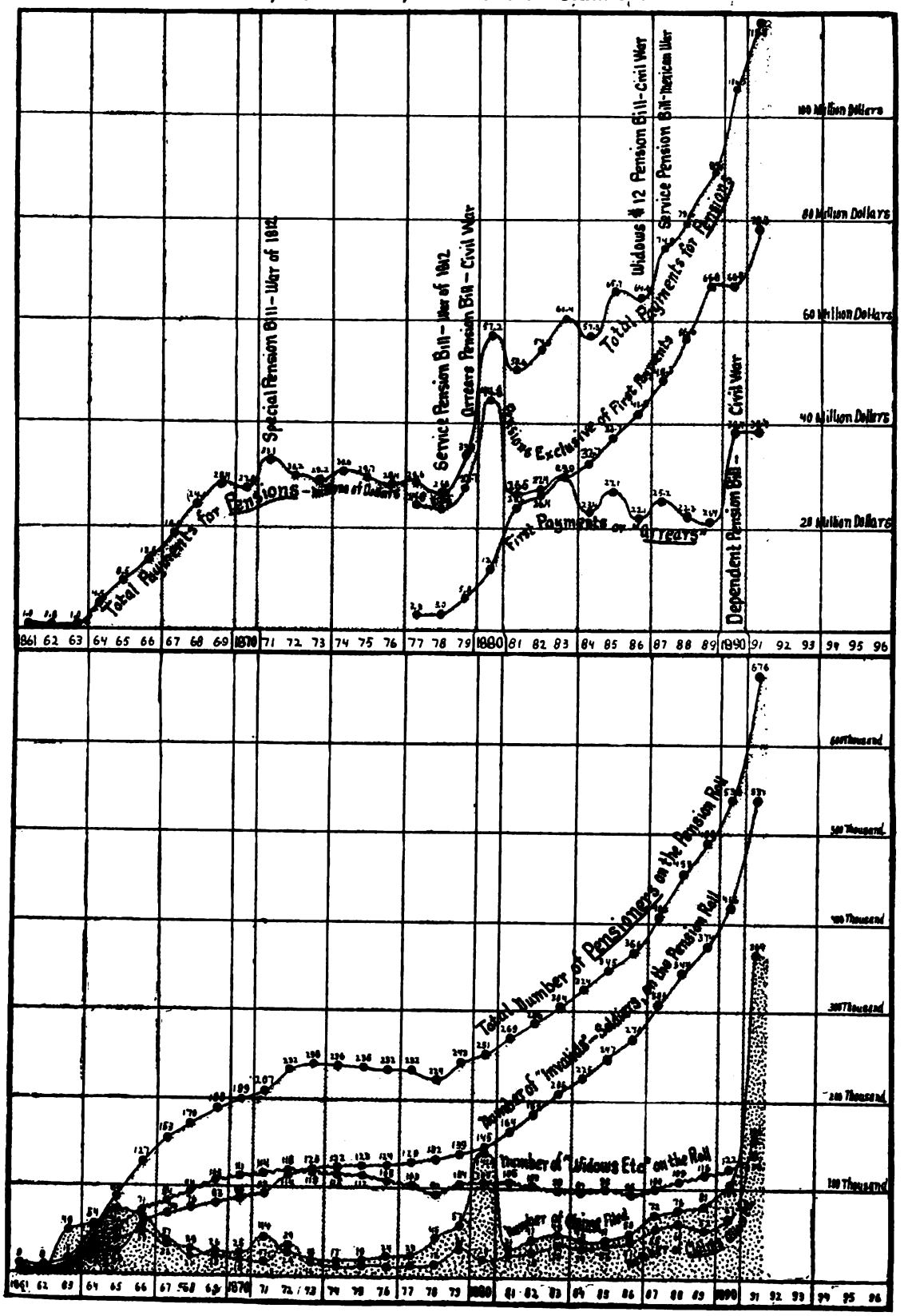
Counting from July 1 (the beginning of the fiscal year) following each inauguration, the largest reduction, 354 million dollars, was made in Grant's first term, and the smallest, 29 million dollars, in his second term.

267. What increase of debt has occurred since the Civil War?

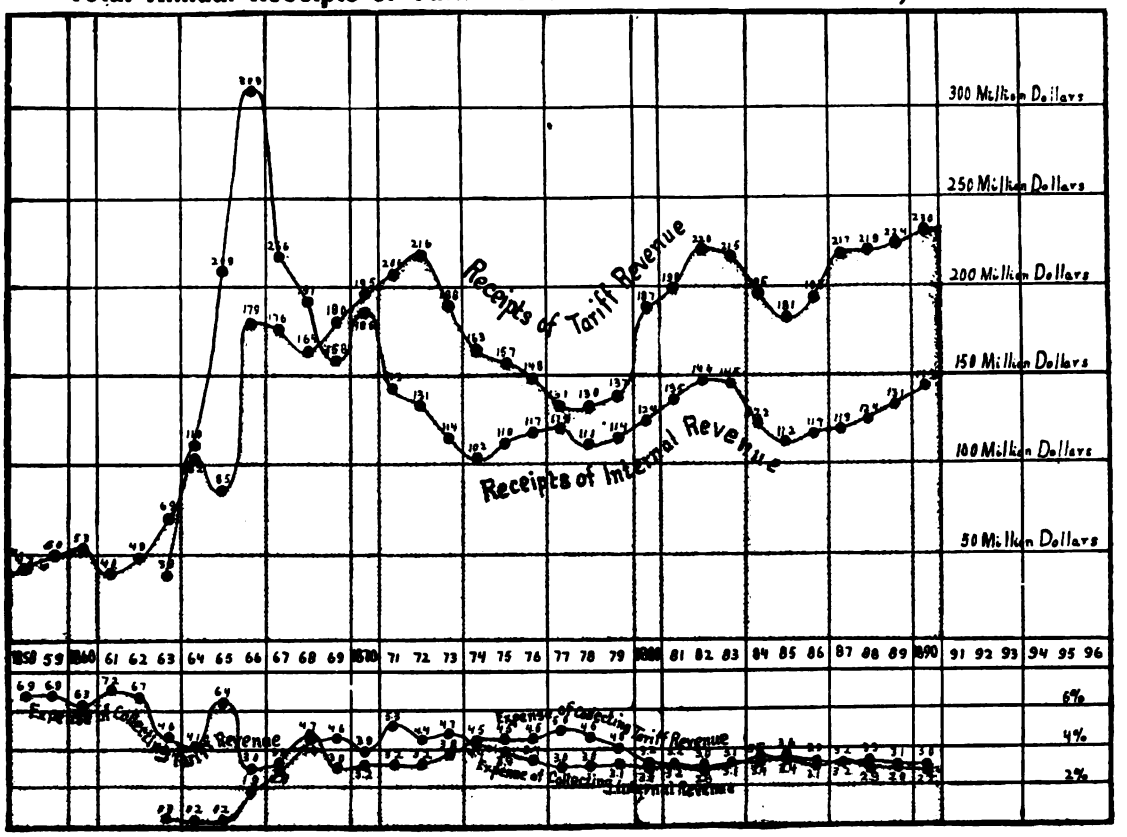
The chart opposite shows that a small increase appeared in the year 1874, in Grant's second term, also in the first two years of Hayes' administration (1877 and 1878), the first and last years (1885 and 1888) of Cleveland's administration. All other years show a decrease of the debt.

AUTHORITY.—"Report of the Secretary of the Treasury," 1891, p. cix.

Pensions, Pensioners, and Pension Claims 1861-1891



Total Annual Receipts of Tariff Revenue and Internal Revenue, 1858-1890



GRAPHIC STUDIES, Nos. 77-79.

Explanation.—See page 13 for general explanation. The two STUDIES on the opposite page, although under one general title, present two distinct exhibits, one of money paid for pensions, the other, of the number of actual pensioners and of claims for pensions each year.

QUERIES ANSWERED.

268. What produced the increase of moneys paid for pensions from 1864 to 1871?

The increase from 1864 to 1871 in the amount of money paid for pensions (shown in the upper exhibit on page 100), was due to the natural increase of applications granted under the laws existing at the close of the Civil War.

269. What caused the large increase in pensions paid since 1878?

The "Arrears Pension Bill" was passed in 1879 to avoid the injustice of depriving a soldier who had been unable to have his pension granted immediately after the war, of any pension for the time intervening, while others no more deserving had drawn pay from several years earlier.

270. What two distinct effects were produced by the "Arrears Pension Bill"?

The chart line of "First Payments or Arrears" along the darker color at the lower right hand part of the upper STUDY 77, opposite, shows that since 1880 arrears form a large part of the total payments for pensions.

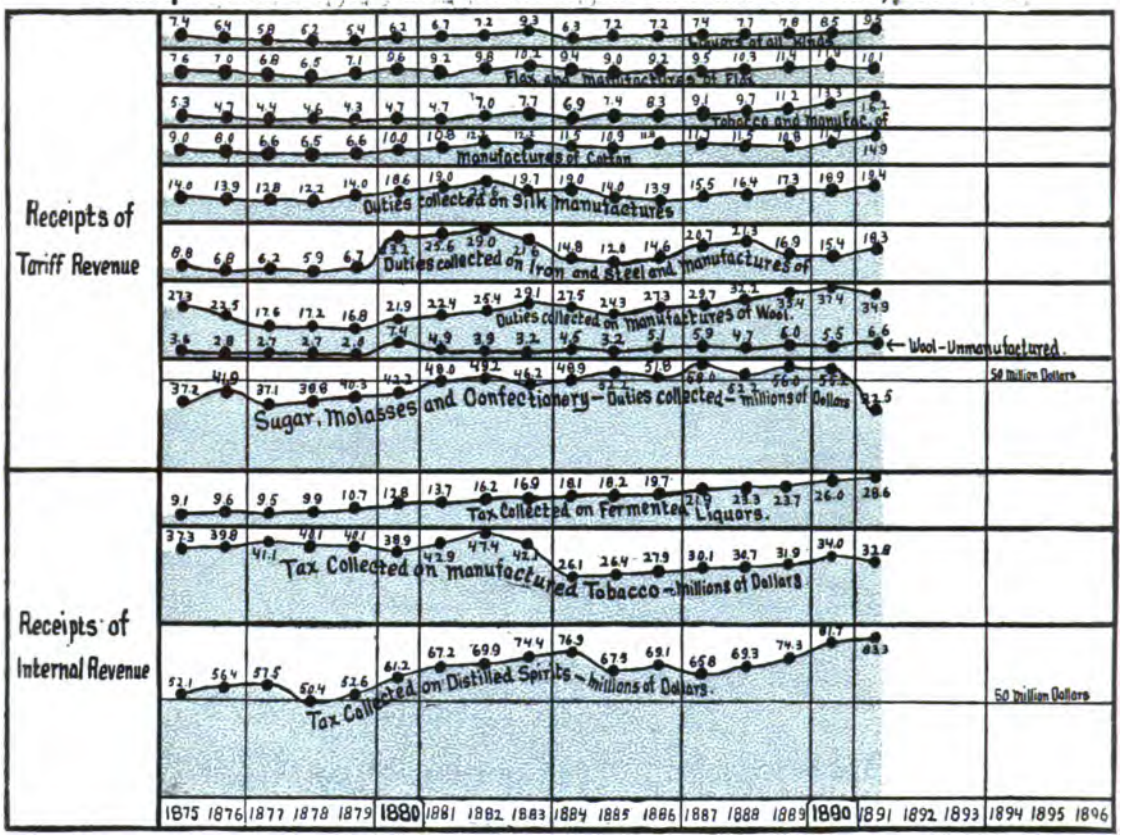
The chart line of the same STUDY, entitled "Pensions Exclusive of First Payments," showing the increase paid for pensions apart from arrears, indicates that a second important effect has been to spur soldiers to make applications who otherwise would not, because the "arrears" offered a large sum, in addition to the amount to be received annually under the previous laws.

271. What was the effect of the "Dependent Pension Bill" of 1890?

STUDY 78, on the lower half of the opposite page, shows by the line of dots at the top of the shaded part that the increase in number of "claims filed" in 1891, owing to the "Dependent Pensions Bill," was nearly three times as great as the increase in 1880, owing to the "Arrears Bill."

AUTHORITY.—*Pensions and Arrears paid*, "Statistical Abstract of the United States," 1890, p. 329, and 1891, p. 321; *Pensions and Pension Claims*, "Statistical Abstract of the United States," 1890, p. 329-30 and 1891, p. 320; *Receipts of Tariff and Internal Revenue*, "Statistical Abstract of the United States," 1891, p. 14.

Principal Sources of Tariff Revenue and Internal Revenue, 1875-1891



272. What proportion of the claims filed each year were allowed?

The line running through the shaded part shows that the claims allowed were several thousand fewer each year (except 1868 and 1872) than those filed, and that in 1880 and 1891, there was a very great excess in the number of claims filed over the number allowed.

273. How do customs revenue and internal revenue compare in amount?

STUDY 79 (page 101), compares the government receipts each year from tariff revenue and internal revenue, showing at a glance which source of revenue has been the greater and how much greater, also which has cost the government the greater percentage to collect and whether the cost of collection is increasing or decreasing.

GRAPHIC STUDY, No. 80.

Explanation.—The upper part of this STUDY comprises the eight chief sources of customs revenue, and the lower part, the three chief sources of internal revenue.

The figures with the several dots express, in millions of dollars and nearest tenths, the amounts of revenue realized from each of the sources mentioned, for the years designated at the foot of the diagram.

QUERIES ANSWERED.

274. What was the largest source of customs revenue prior to 1891?

Until April 1, 1891, sugar was on the dutiable list, and, as shown on the chart, was the largest source of tariff revenue. It had produced on the average nearly one-fourth of all the customs revenue of the United States.

275. What proportion of the tariff revenue is collected on wool?

The chart next above that of sugar shows that the duties collected on manufactures of wool have been next in amount to those on sugar. The lower dotted line in the same chart shows that the revenue from "wool unmanufactured" is much less, and if the duties on raw wool were all removed the "surplus" revenue would be little reduced.

276. What source of revenue has been larger than the duties on sugar?

The internal revenue from "Distilled Spirits" alone, as shown by the last chart above, has been much larger than that from sugar, and when to that is added the internal revenue from "Fermented Liquors," the total has been nearly double the revenue from sugar.

AUTHORITY.—"Statistical Abstract of the United States" 1891, pp. 19 and 26, and "Report on Imported Merchandise" 1891, p. xiii.

Silver Coinage.

Free gold coinage.—Any one may dig gold from the mines, or buy it in bars or "dust" in the market and take it to any United States mint and have it coined, free of expense. For example, he may take to the mint enough gold to make a ten dollar gold-piece, and without payment of any fee, exchange it for a ten dollar gold piece.

Price of gold.—Gold can be bought in the open market just the same as potatoes and apples. Enough gold to make a gold dollar can be bought for a gold dollar; the same can also be bought for a silver dollar, or for any one of the various dollar notes (bills) issued by the United States, just as long as the paper currency passes at par in the open market.

Price of silver.—The price of silver has varied. For several years past a gold dollar, or a dollar bill, or a silver dollar, would buy enough silver to make more than a silver dollar. The chart on the next page, shows the price of silver for the past one hundred years.

Free silver coinage.—There was a time when the government coined silver free. At that time enough silver to make a silver dollar cost more than a gold dollar, or a silver dollar. It cost but little more however, as will be seen by the chart on the next page, so that it was almost if not quite an even exchange between the government and the man who brought the silver to be coined. A given quantity of silver now costs less money than before 1870, for the same reason that a ton of iron or a bushel of wheat can be bought for less money; it is simply because its production has so increased as to lessen the demand, (see STUDY 84, top of page 106).

Supply of silver for coinage.—The government buys silver for coinage at the same price, in the open market, as any other large buyer would have to pay. It then coins the silver and issues it to the people for their convenience in business transactions, and agrees to receive it back from the people at the same valuation at which it was issued, in payment of government claims.

Fiat value of silver coin.—Before the silver in a dollar piece is shaped and stamped (coined) in the mint, it will buy about eighty cents' worth of food or clothing. After it is coined it will buy one hundred cents' worth of food or clothing, just as long as it is kept in that form. Crush it and change its form, or melt it into some other shape, and it will buy only about eighty cents' worth.

It is plain, then, that its increased value, derived from coinage, is a fiat value. The United States government is bound to recognize in all its dealings with the people an increase in the value of that piece of silver as long as it is an United States coin. The government has assumed that liability. In coining one hundred million dollars it takes one of the products of labor which bears a market value in the ordinary channels of trade, of, say eighty million dollars; after stamping that amount of silver as coin, the government sends it out again into the channels of trade, at a valuation of one hundred million dollars, agreeing to receive it in payment of a hundred million dollars of claims against itself.

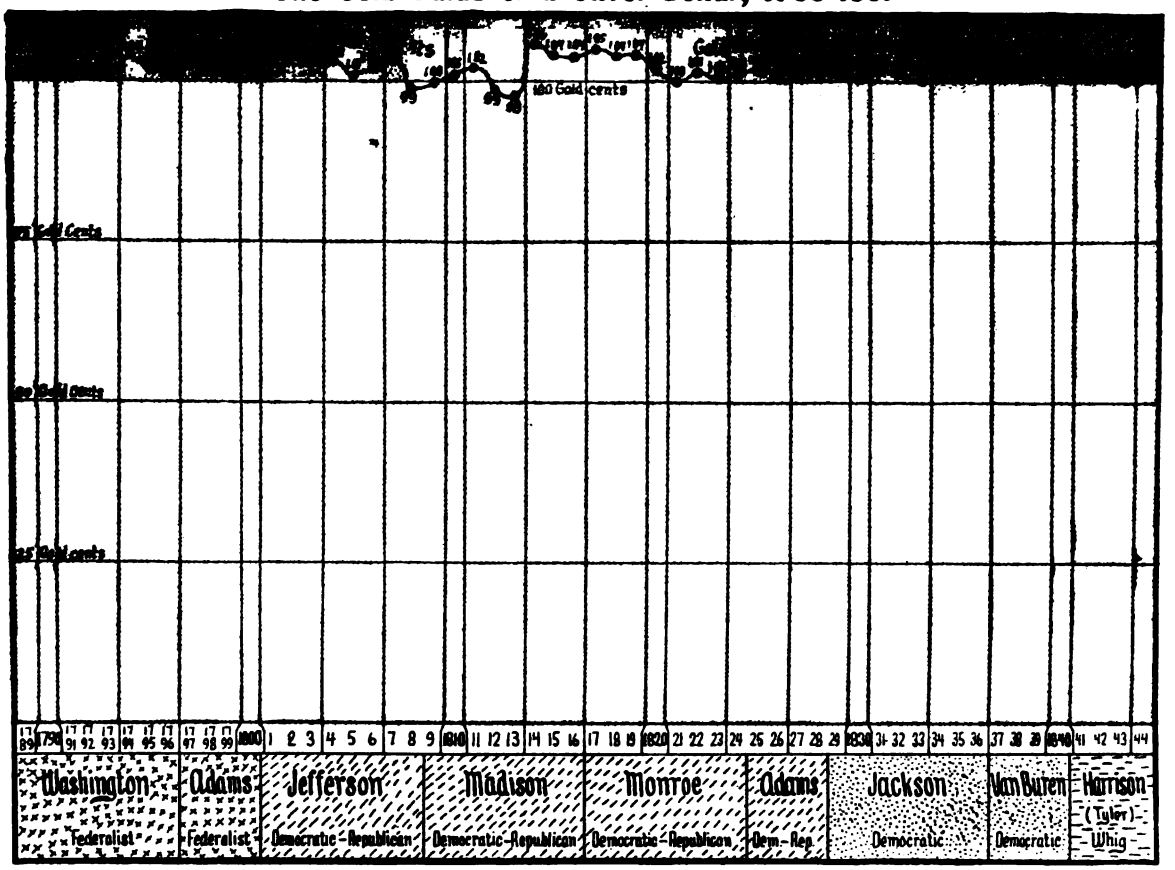
Decline in the price of silver.—Should the price of silver drop in the open market until the silver contained in one hundred million dollars is worth (in bars) only sixty million dollars, the coin will still be worth one hundred million dollars as long as the credit of the government is strong enough to carry the liability. It is plain in this case that the government has become liable for the forty million dollars which represents the difference between the market value and the coin value of the silver.

Liability under free coinage.—If free coinage were adopted at the present standard ratio of the United States gold and silver coins, there would be no limit to the liability which the government would be compelled to assume. Every man who could control a little ready money would naturally buy as much silver as possible and have it coined. How could he make money faster? Every eighty cents' worth (more or less) of silver which he could buy would be exchangeable at the government Mints for a dollar, and the liability for the difference in value would all be carried by the government. It needs no prophet to foretell that the capitalists with large means at hand, would have all the advantage in this kind of speculation, for they would soon buy all the silver available. The owners of silver mines, being in control of the source of all the product, would then have every advantage.

As it is now, the government controls the amount of coinage and therefore does not increase its liability any more rapidly than the law-makers think safe.

Safe free silver coinage.—A law which should permit individuals to have silver coined without any coinage fee, would seem to be safe, providing the government returned to the individual in exchange for his silver, only as much coin as the silver actually represented at its market value.

The Gold Value of a Silver Dollar, 1789-1891



GRAPHIC STUDIES, Nos. 81–82.

Explanation.—The lower edge of the darker shade of color, crossing the two pages, represents a gold dollar as worth 100 cents under all conditions.

The irregular line of dots with accompanying figures, crossing both pages, shows how much gold was required to buy enough silver to make a silver dollar in each year since the founding of the government. The figures with the dots express the number of cents' worth of gold required each year to buy in the open market, enough silver to coin a silver dollar. The year represented by each dot is designated in figures at the foot of the chart, just below the color.

277. What is meant by the "Gold value of a Silver Dollar"?

Reckoning a gold dollar at 100 cents, a silver dollar becomes worth less, or more, than 100 cents, according as the relative value of the two metals changes in the open market from year to year. The Bureau of the Mint publishes the commercial ratio of silver to gold from 1687, a period of over two hundred years.

The above STUDIES, 81–82, delineate that comparison (reduced to gold cents) from 1789. The record of the century previous to 1789, shows a higher range of value for the silver dollar, and in 1760 it reached $1.13 in gold.

From the founding of the government in 1789 until 1871, the prevailing gold value of a silver dollar—that is, the number of cents' worth of gold required to buy enough silver in the open market to make a silver dollar, was from one hundred and one to one hundred and five, or somewhat more than the actual value of a gold dollar.

Since 1871, as shown above, the value of silver has decreased in a remarkable manner, owing to the immense increase in its production, which is fully shown in the chart of "Gold and Silver Production" (Query 283, p. 107).

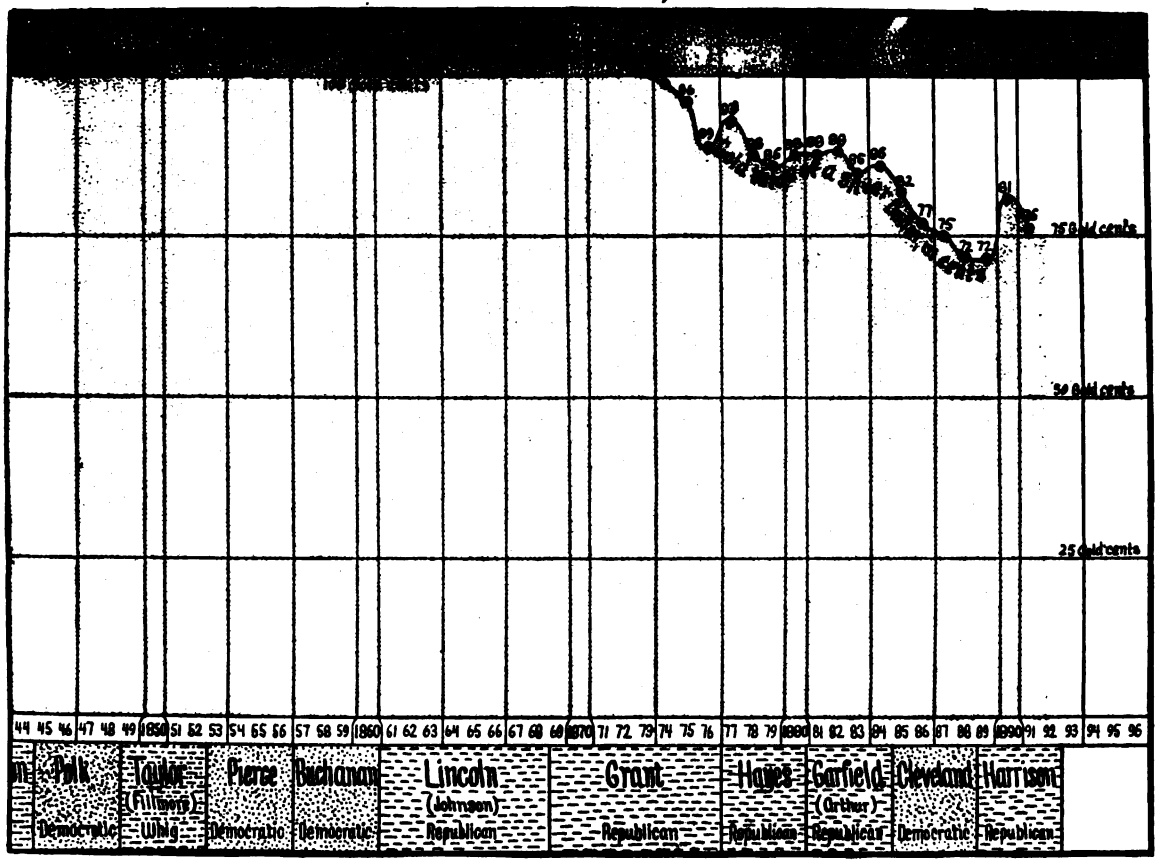
278. Can legislation keep up the price of silver?

The world's production of gold and silver is fairly illustrated by the production of the United States, save that the excess of silver produced is not quite as large throughout the world. It is plain, therefore, that the lower price of silver is the natural result of a large supply, just the same as a large supply of wheat compels a low price.

A law forbidding the mining and import of silver, if enforced, would gradually restore the price, for the present supply would soon be exhausted and as the supply of any useful product is reduced, the price is increased.

AUTHORITY.—"Annual Report of the Director of the Mint," 1891, p. 190.

The Gold Value of a Silver Dollar, 1789-1891 (Continued)



279. Is not the coining value of silver kept up by law?

Yes, but only as the endorsement of a poor man's note by a man of means, gives the poor man credit (see page 103, "Liability under Free Coinage"). By its present course the silver coined by the government is fiat money to the extent of the difference of value between silver and gold. It simply calls that a dollar which represents less labor than its gold dollar represents (see p. 103, "Fiat Value of Silver Coin").

280. Could not an association of nations maintain fixed coinage ratios?

An association of nations could no more overcome the law of supply and demand that regulates market prices, than a single nation could. If they could take all the product and not let it reach the open market at all, they could then control the ratios.

On the other hand, they could adopt definite coinage ratios, and agree to maintain them by national credit as long as the actual commercial ratios kept within certain bounds, and at the same time they could agree to adjust the coinage ratios by international action whenever the commercial ratios should vary from them, above or below certain points.

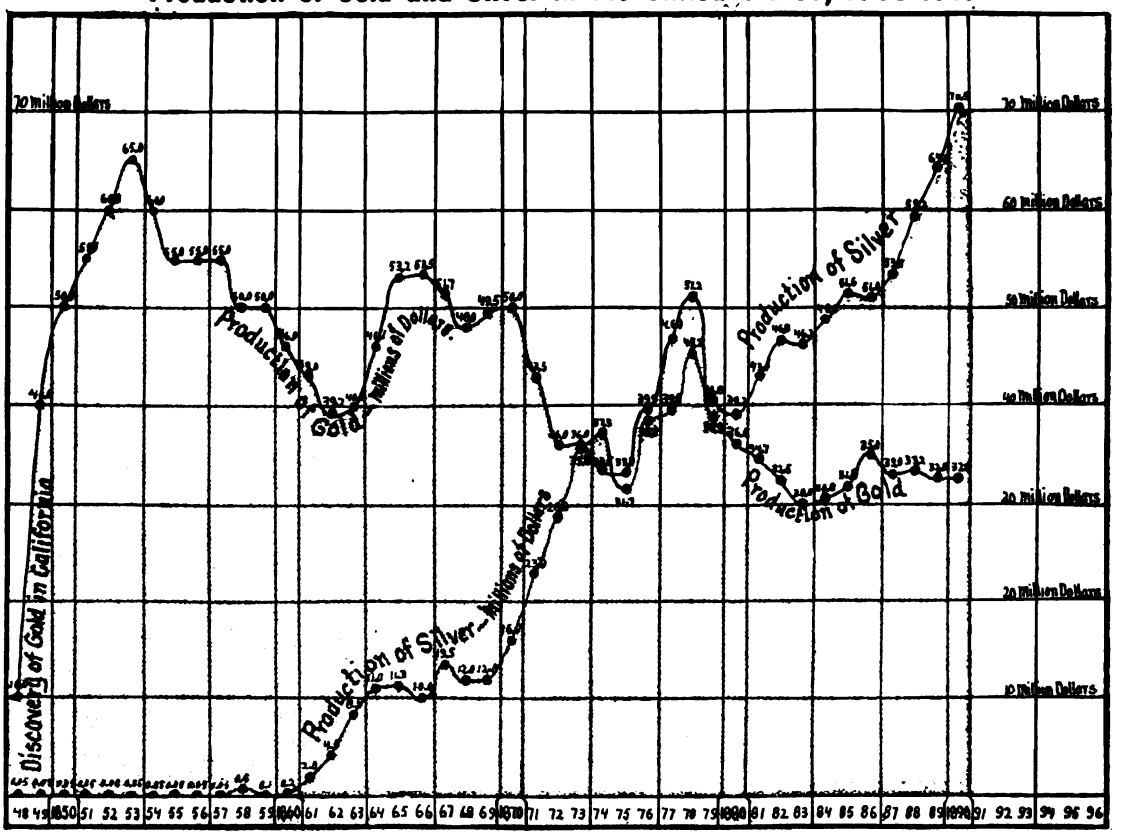
281. Would free coinage be safe under international agreements?

Examination of the chart above, shows that the silver dollar of the United States has not been worth a dollar in gold for several years. It is however, received by the United States as a dollar, and any one living in this country is safe in taking it as a dollar, simply and only because the nation is so wealthy that its credit is good for the difference between the actual gold value and the commercial value of the silver coined. The government, however, decides for itself how far it is safe to follow such a course. It can control the amount coined and the liability thereby assumed each year.

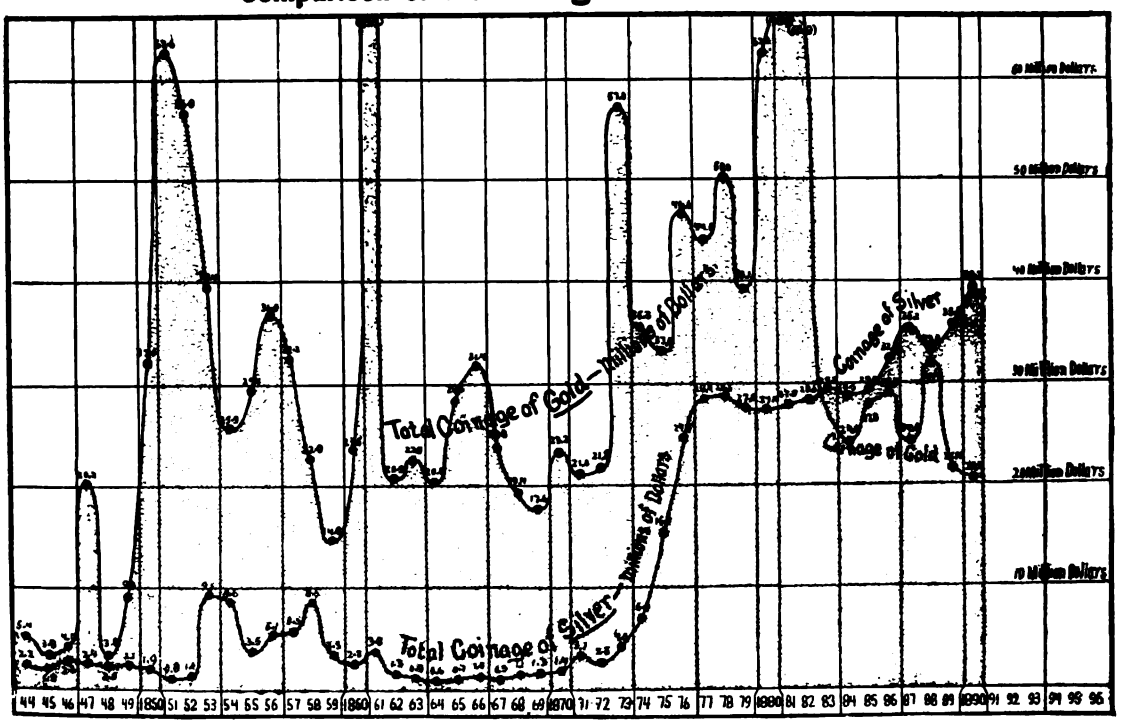
Should it pass a law allowing anyone to bring silver and have it coined free of charge in any quantity (free coinage) it could no longer control the amount of coinage, which would be limited only by the available supply of silver in the world; yet on every dollar coined it must virtually promise to pay, in the end, about one-fifth,—say, 20 cents. This would be unsafe for the credit of even as rich a nation as the United States.

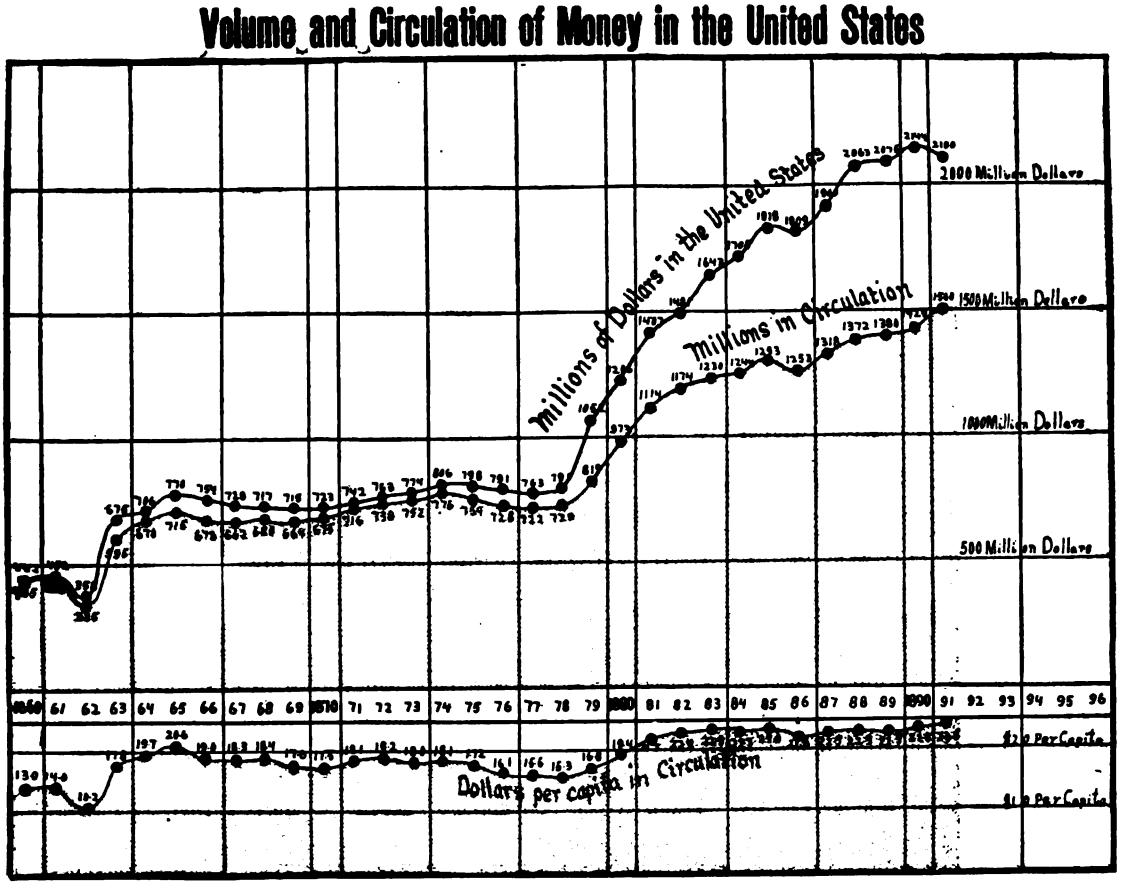
On the international basis proposed above, however, free coinage would be safe, for the rules of adjustment could be made to obviate any wide difference between coinage ratios and commercial ratios, and the fiat value (i. e. the difference between the nominal value and the actual market value) would be reduced to a minimum.

Production of Gold and Silver in the United States, 1848-1891



Comparison of the Coinage of Gold and Silver





GRAPHIC STUDIES, Nos. 83–85.

Explanation.—As the three STUDIES presented on these two pages present no special features, the reader is referred to page 13 for general explanation.

QUERIES ANSWERED.

282. When did the large production of gold begin in the United States?

The early settlers of the United States found gold in small quantities in some of the eastern states, and there was a limited production annually until 1848. The entire product previous to that date, is estimated at about $25,000,000. The discovery of gold in large quantities in California in 1848, was the beginning of important production. As shown by STUDY 83 (the upper chart opposite) the product of 1849 alone was $40,000,000, and the average annual product from that date to 1870 was about $50,000,000; it then dropped off rapidly, and has averaged only a little over $30,000,000 annually since 1880.

283. When did the large production of silver begin in the United States?

Previous to 1860, little silver was produced in the United States. Since that date its production has increased with startling rapidity, as is readily seen by the darker color on the upper chart opposite. The output equalled the gold product in 1873, and in 1890 was over seventy million dollars, or more than twice that of gold.

284. Does the value of silver depend upon the supply?

Silver enters the market on exactly the same basis as any other product of labor. When a very large crop of potatoes is grown, the market price of potatoes is low as compared with that of other years, or as compared with wheat or other articles not so largely produced. When a large supply of silver is produced, the value of silver must decrease for the same reason.

The relative values of the gold and silver dollar before and after 1873, as shown on pages 104-5, find a sufficient explanation in the vastly increased production of silver since that date.

285. How has the coinage of silver compared with that of gold?

STUDY 84, on the "Coinage of Gold and Silver" (lower chart opposite) shows that from 1870 to 1877, the coinage of silver was very rapidly increased, and from 1877 to 1885 averaged about twenty-eight million dollars annually, since which date it has again been very largely increased.

AUTHORITY.—*Production of Gold and Silver*, "Report of the Director of the Mint," 1891, p. 191; *Coinage of Gold and Silver*, "Report of the Director of the Mint," 1891, p. 219; *Volume* and *Circulation of Money*, "Treasury Department Document, No. 1442," p. 12.

The coinage of gold was also increased from 1873, for ten years, but since 1883 it has been less in amount than that of silver.

286. What has been the supply of money in use since 1860?

Among the many financial fallacies there is none more deeply rooted in the minds of a large number of men, than the belief that the supply of money was much greater in the years immediately succeeding the Civil War. STUDY 85, p. 107, shows three things:—(1) the total amount of money in existence each year, (2) the total amount in circulation; that is, the amount outside of the United States Treasury, and (3) the amount for each person from the beginning of the Civil War to 1891.

It is readily seen from the above STUDY, that, beginning with 1864, the amount in circulation varied but little until 1879, since which date it has increased very greatly. The lower chart shows that in 1864, just after the war, the supply was nearly $20 for each person. The lack of increase in the volume of money between 1864 and 1879, caused a diminished supply per person, because the population was increasing every year; by 1878 the circulation *per capita* had diminished nearly one-fourth, that is, to a little more than $15 for each person, a decrease of great importance. This fact gave the "Greenback" party its strength (see STUDY 102, page 122), and produced an impression which lasts with many men to the present time.

287. Why is rapidity of circulation more important than the amount in circulation?

A most important factor in the prosperity of a nation is any force that hastens the movement of money already in circulation.

Owing to the action of just such a force, there seemed to be much more money for a few years just after the Civil War than at any time before or since. The returned soldier was lavish with his money. Homes neglected during the war, were refurnished, and every available dollar was set in motion. The people were rejoicing because at last the war was over, and the very spirit of buoyancy led to extravagant expenditure in a hundred unusual ways. High prices for agricultural products enabled farmers to pay off mortgages and other debts rapidly. A dollar passed through many hands in a month, often in a single day, and was so multiplied in its uses that the amount of money in circulation seemed very large.

288. How does Protection increase the movement of money?

One of the reasons why a protective tariff is such a producer of prosperity, is because it increases the circulation of money. A million dollars lying in a bank, though nominally in circulation, helps few people; but from the day that this money is invested in a factory, the money begins to move from hand to hand, and each hand uses it to buy food or clothes or tools, and passes it on to the next hand to perform the same offices, and it adds to the comfort and happiness of all through whose hands it moves. It is true, each one using it must work for his share of the prosperity, but before the factory started, the million dollars, although "in circulation" was idle in the bank, and the labor was idle in the muscle of the laborers. Food and clothing were needed, there was a million dollars to buy them with, but the laborer was not given opportunity to earn it. With the million dollars invested in industrial enterprises, there is, of course, no more money than before, but it is in rapid circulation and prosperity follows.

289. Does the increase of money increase a nation's wealth?

The wealth of a nation consists alone in products of labor, and may be divided into permanent or comparatively permanent products, such as bullion, buildings, railroads, etc., and current products, such as improvements of land, and supplies of food and clothing, which are temporary in value.

The metals in the mines, the trees of the forests, the fertility of the soil, are none of them wealth. They all existed in this country when it was first discovered by Europeans and yet the undeveloped country had no wealth. The silver and gold, when mined and made available for use in the arts, add to the wealth of the country.

By coining that silver and gold into money no wealth is added except such fictitious or fiat wealth as the government may give to one or other of the metals by agreeing to receive it at a stated value as compared with the other metal.

290. Can a country increase its wealth without exchanging products with other nations?

An exchange of products with other nations is in no sense productive of wealth, except as the exchange may bring into the hands of one or the other of the nations a balance of the products of labor.

A nation grows wealthy just as rapidly as it changes its natural resources into useful products. Hence it is conceivable that the United States may grow wealthy just as fast, without foreign commerce as with it, and may even grow rich faster without than with it. All that a nation needs to make it grow rich are natural resources, intelligent labor, and a population to use the products of the labor. It does not matter whether the people who use these products are close at hand or afar off, provided only that their wants cause a constant demand for all that the country produces.

Political History.

The American colonies, at first widely separated, had for many years no cause for differences of opinion touching their few common interests. As their areas grew, so that their geographical boundaries became common lines, their common interests became important.

The party of active resistance to a long series of English aggressions, under the successive titles of Whigs, Strong Government Men, and Federalists, laid by forcible revolution and in constitutional law, the foundations of the Government of the United States of America. The adoption of the constitution in 1787, still left the larger work of practical organization of an effective government to be done by Congressional and Executive action.

Political Periods.—The political history of the United States under the Constitution divides naturally into four nearly equal periods:

(1) **Nationalization.**—The period of twenty-seven years from 1789 to 1816, terminating with the close of the war of 1812, covered the important work of determining the FOREIGN RELATIONS of the young nation.

(2) **Internal Development.**—The period of twenty-eight years from 1816 to 1844, was occupied chiefly with questions of FINANCE AND INDUSTRY.

(3) **Sectional Conflict.**—The period of twenty-eight years from 1844 to 1872 was introduced by the annexation of Texas, and was given largely to questions of SLAVERY, CIVIL WAR, AND RECONSTRUCTION, and closed with the general Amnesty Bill of 1872.

(4) **Internal Consolidation.**—Beginning with the "White Man's Government" in the South, the current period has so far struggled with the RACE PROBLEM, FINANCE, AND INDUSTRY.

Object of Studying Political History.—In studying the requirements of the hour, the wise man not only sharply questions the conditions of the present, but at the same time turns to the past to know if similar conditions have been met, and, if so, in what way and with what result.

The preceding GRAPHIC STUDIES have their chief value in the wide historical view which they give. Without the guidance of history, both farmers and manufacturers follow maxims; with the history of prices before them, they have the much surer guide of markets. Without the aid of history, the legislator and the voter alike grope their way blindly by the uncertain light of theory; with the light of history, they have the sure teachings of experience to guide them.

A Century of American Politics.—The following GRAPHIC STUDIES, present a clear bird's eye view of the origin, growth and decline of political parties for more than one hundred years. They compare the voting strength of parties at each presidential election, and show when "splits" occurred and "factions" drew off and returned. All this is made plain to the eye, even without reading the historical text at all.

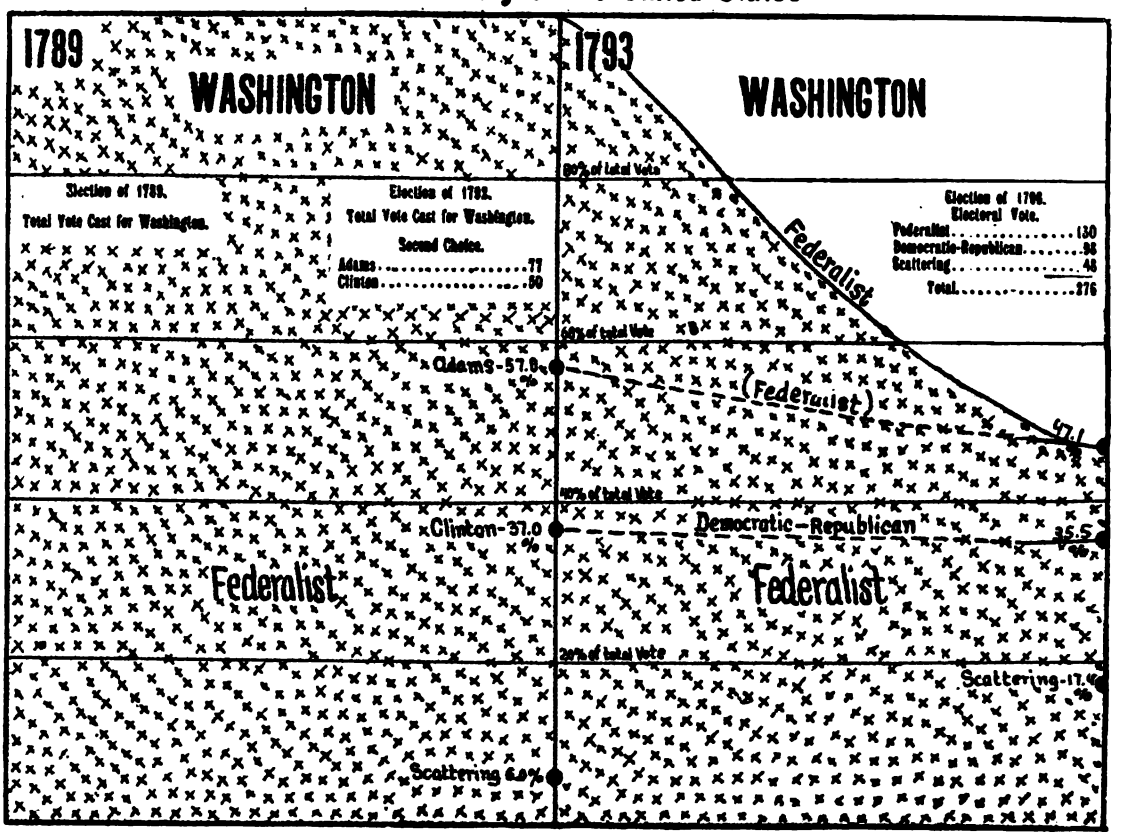
Accompanying these STUDIES are brief historical paragraphs, stating the chief objects sought by the several parties in each administration. The leading issues are mentioned with a brief summary of the position of each of the more important parties on those issues.

Slavery.—For over a quarter of a century slavery was the main issue. Year after year, during administration after administration, it embittered party strife, and severed party lines. It almost rent the country in twain, and came near destroying the nation. It was at last ended by the civil war, but it is still important to know the course of the several parties who favored and opposed so great an evil.

Sound finance.—Early in the history of the United States, the problem of how to make the National finances secure and ample became an important political issue. The National credit has become strong, and its resources are abundant. All the currency now issued in the United States is based on the National credit; but there was a period when State banks and private banks flooded the country with a currency based only on private credit. It is worth while to know what parties favored the measures which have provided the nation with a sound currency, and what parties opposed them.

Protection.—The country is in a very prosperous condition throughout, and large industries furnish employment to a great and rapidly growing population. Wages are higher than ever before, both absolutely and relatively. The home market, both for the farmers' crops and the manufacturers' products is ten times the foreign market. The great railroad and mining and manufacturing enterprises are developing the natural resources of the country as never before. A third of a century ago, the condition of the country was the reverse of this, in almost every particular. It is well to know what party championed the successful policies which have accomplished so satisfactory results; if any party or parties have been almost invariably on the wrong side, it is well to know the fact and avoid repeating the errors which have brought disaster.

Political History of the United States



WASHINGTON—First Term.

GRAPHIC STUDY, No. 85.

Explanation*.—The color covers the whole height of the diagram for Washington's first term, because he received the total vote cast for President, both in 1789 and in 1792. Until 1804 each elector wrote two names on his ballot for President(a first choice and a second choice) hence there were twice as many votes as electors.

History.—The Congress of the Confederation, prior to the adoption of the Constitution could pass no protective tariff, because the thirteen States would not agree on a schedule. Complete free trade consequently prevailed, with the result of flooding the country with English products and destroying the American industries which had obtained a partial footing under the non-intercourse conditions of the Revolutionary War. The large imports of foreign products had drained the country of its very limited funds. The national credit was utterly prostrate, because measures had not been taken to develop the resources of the country.

The chief work of the first Congress was largely bestowed on making effective laws, to be enforced throughout all the States, for protecting industry on land and on sea (see pages 55 and 83).

CHIEF ISSUE:—PROTECTION.

Federalist	Anti-Federalist
Advocated a strong government with large powers, completely controlling the interests common to all the States, in industrial and commercial matters affecting the national welfare.	Advocated State rights. Opposed complete national control of customs tariffs, the chartering of a national bank, and the assumption of war debts of the several States.

WASHINGTON—Second Term.

Explanation.—The color drops down at the right because the Federalist vote at the close of Washington's second term was only 47.1% of the total vote. Party lines were now plainly marked and the Democratic-Republican party, which was the real successor of the shadowy Anti-Federalist party of Washington's first term, cast 35.5% of the total vote, as indicated on the chart. The scattering vote (17.4%) shows a large element not included in party lines.

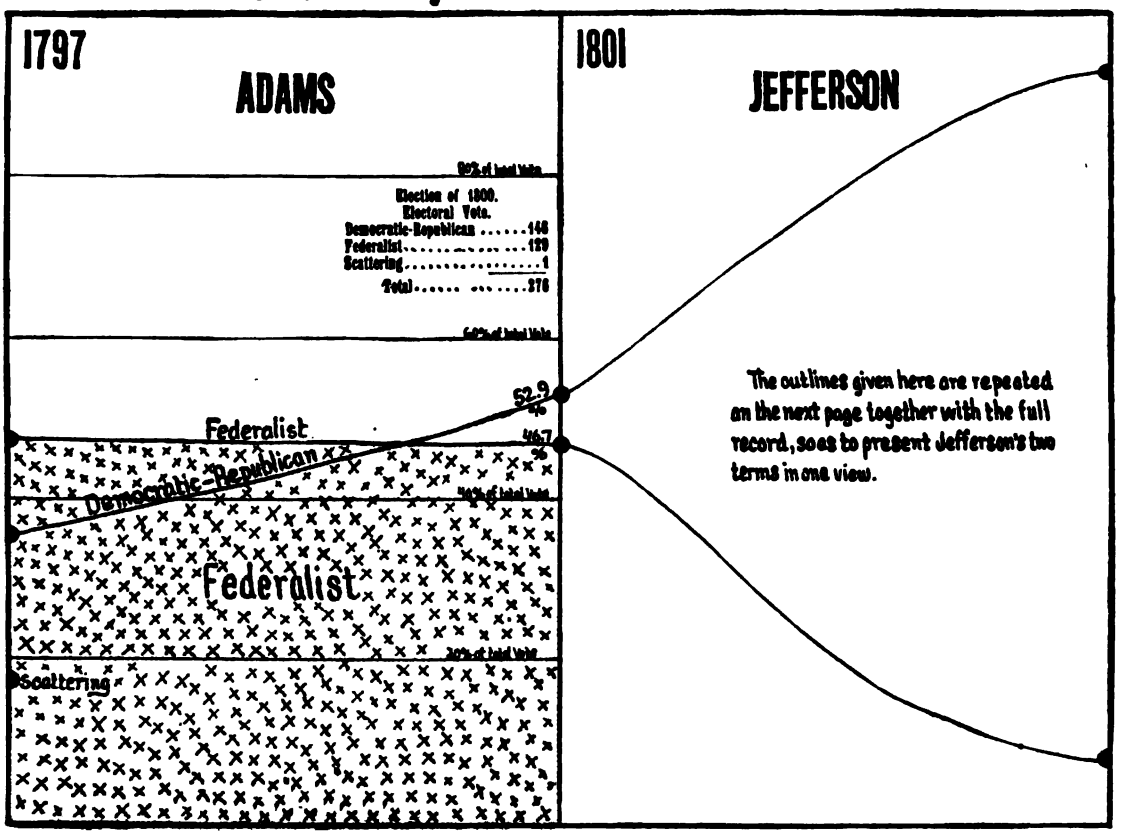
History.—Washington's first term had witnessed the most important Congressional battle of the National history. The victory of the Federalist party against fierce opposition had established a strong government with effective power to regulate national interests. The close of Washington's administration saw the several departments of the government organized in a masterly manner. Effective protection to industry on land and sea had been accomplished. The war between England and France, begun in 1793, led to a proclamation of neutrality on the part of the United States (1794), and "Jay's Treaty" (1795). England and France each had so many sympathizers in the United States, that party strife became intense. Washington was cartooned and villified by the opposition (to use his own words) "in terms so exaggerated and indecent as could scarcely be applied to a Nero, a notorious defaulter, or even to a common pickpocket."

CHIEF ISSUE:—FOREIGN RELATIONS.

Federalist.	Democratic-Republican.
Sympathized with England, supported Washington in his Neutrality Proclamation, and accepted Jay's treaty.	Sympathized with France and opposed the Neutrality Proclamation and Jay's treaty.

*For General Explanation see opposite page.

Political History of the United States (continued)



ADAMS.

GRAPHIC STUDY, No. 88.

Explanation.—The dots at the left of the chart reproduce those at the right of the preceding chart. The upward slant of the Democratic-Republican line, and its percentage of 52.9 in 1800, as against 35.5 per cent. in 1796, shows its gain during Adams' term.

History.—France demanded the abrogation of Jay's treaty, and its ships preyed on American commerce. Congress suspended intercourse with France (1798). War preparations were begun, but no open declarations of war made, although several sea fights occurred. Peace was restored the following year.

Strong *Alien Laws* made it more difficult for aliens to become citizens. *Sedition Laws* were passed declaring severe penalties against interference with officers of the government, and against false, scandalous or malicious reports against Congress or the President. The opposition claimed that aliens and criminal libel were under State jurisdiction alone. The famous Virginia and Kentucky Resolutions were the result of this sentiment. The Cabinet finally became disaffected, and was dismissed (1800) by Adams.

CHIEF ISSUES.—WAR—FREEDOM OF SPEECH.

FEDERALISTS.	DEMOCRATIC-REPUBLICANS.
Advocated war with France and went to the extreme of "Strong Government" views, by passing the alien and sedition laws.	Went to the extreme of State Rights views, by advocating the nullification of the alien and sedition laws.

FEDERALIST PARTY.

The Constitution under which began the permanent government of the United States was only a framework; while it defined clearly the duties of Congress and the President, it only outlined the organization of a government The Federalist party was called upon to effect that organization. No other political party has ever had so important a task, and none has performed its work better.

The Federalist party strove for and won national rights under a broad construction of the Constitution, and national protection of national interests. As a party, its dominance ended in the year 1800, and at times in its subsequent career, it denied its own principles, but the foundation laid, while true to its faith, is that upon which all succeeding parties have stood to win all their best victories.

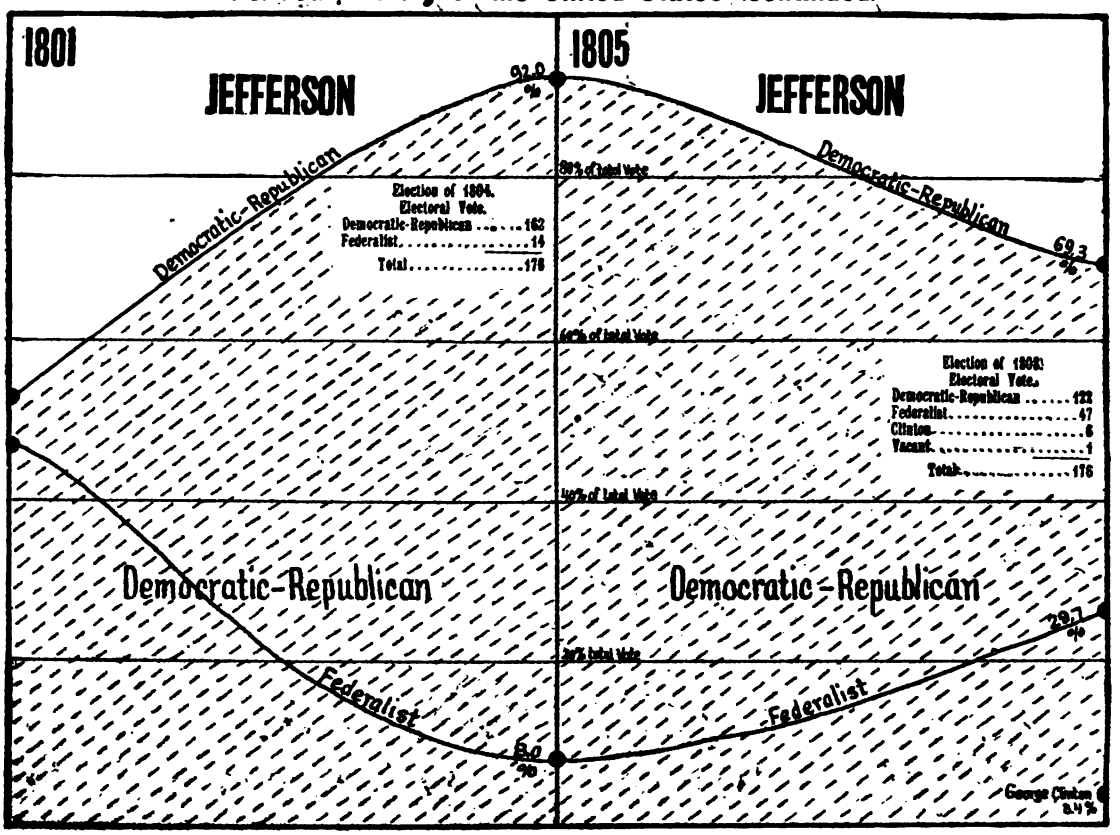
GENERAL EXPLANATION: — Throughout the twenty GRAPHIC STUDIES IN POLITICAL HISTORY, all of which are like those on this page and the preceeding, the general plan is as follows:

Presidential Terms.—Each STUDY represents a Presidential administration, of one or of two terms as the case may be. The date of the first year of the term is given at the left and a little above the name of the President.

Party Votes.—The name of the political party represented by each President is mentioned in large letters below. The colored portion of each chart extends to a height proportionate, on the left hand side, to the size of the winning vote, which elected the President, and, on the right hand side, proportionate to the same party's vote at the following election. Thus the upper edge of the color marks the gain or loss of strength by the dominant party during each Presidential term.

Lines running through the colored (and shaded) portion of the charts represent the existing parties indicated by the names along the lines. The heavy black dots, along the dividing lines between the successive terms, with the accompanying figures, represent the percentage of the total vote cast by each party at the Presidential election. The number of votes cast for each candidate, is also given by itself in a table, at the upper right hand part of the space belonging to each term. A distinctive shading marks each dominant party and designates the same party throughout the entire series of twenty STUDIES.

Political History of the United States (continued)



JEFFERSON—First Term.

GRAPHIC STUDY, No. 88.

Explanation.—The upward slant of the Democratic-Republican line at the top of the shading shows how rapidly this party increased in Jefferson's first term, while the downward slope of the Federalist line toward the bottom of the chart shows its corresponding loss. (See General Explanation, second column, page III.)

History.—While Jefferson's election was in doubt, he made pledges to carry forward naval construction, yet one of the first acts of his administration was to sell the timber in the ship-yards and stop naval construction. Tripoli declared war (1801), and it took four years to subdue the Barbary States, which, with a good navy, might have taken only a few months.

In 1803 Napoleon offered to sell Louisiana to the United States. Although the Constitution gave no power to buy territory, and the Democratic-Republican party had fought for close construction of the Constitution, it did not now oppose Jefferson in making a purchase so much to the advantage of the nation, under a very broad construction of the Constitution.

There was no marked struggle over any definite national policy. The Democratic-Republicans (latterly styled the "Jeffersonian Democracy") were determined to undo as much as possible of the work of the Federalists in the preceding four years, and the Federalists made little effective opposition.

CHIEF ISSUE.—CONSTITUTIONAL RIGHTS.

Democratic-Republicans.	Federalists.
Opposed broad construction of the Constitution.	Advocated broad construction of the Constitution.

JEFFERSON—Second Term.

Explanation.—The downward slant of the Democratic-Republican line at the top of the shading shows that the policy of the party was losing its hold on the country, but only to a limited extent. The upward course of the Federalist line shows the increase of that party from 8 per cent. of the total vote in 1804 to 29.7 per cent. in 1808. This gain was due to the withdrawal from the Democratic-Republicans of a faction known as the "Quids," who joined the Federalists.

History.—France and England were still at war, and both nations preyed upon American ocean commerce. American vessels were compelled to stop at English ports and submit to search for French munitions and to pay duties in England.

The policy of the administration was to reduce expenditure to the lowest possible limit. It refused to build a navy, and our merchant ships were therefore at the mercy of foreign nations with large navies.

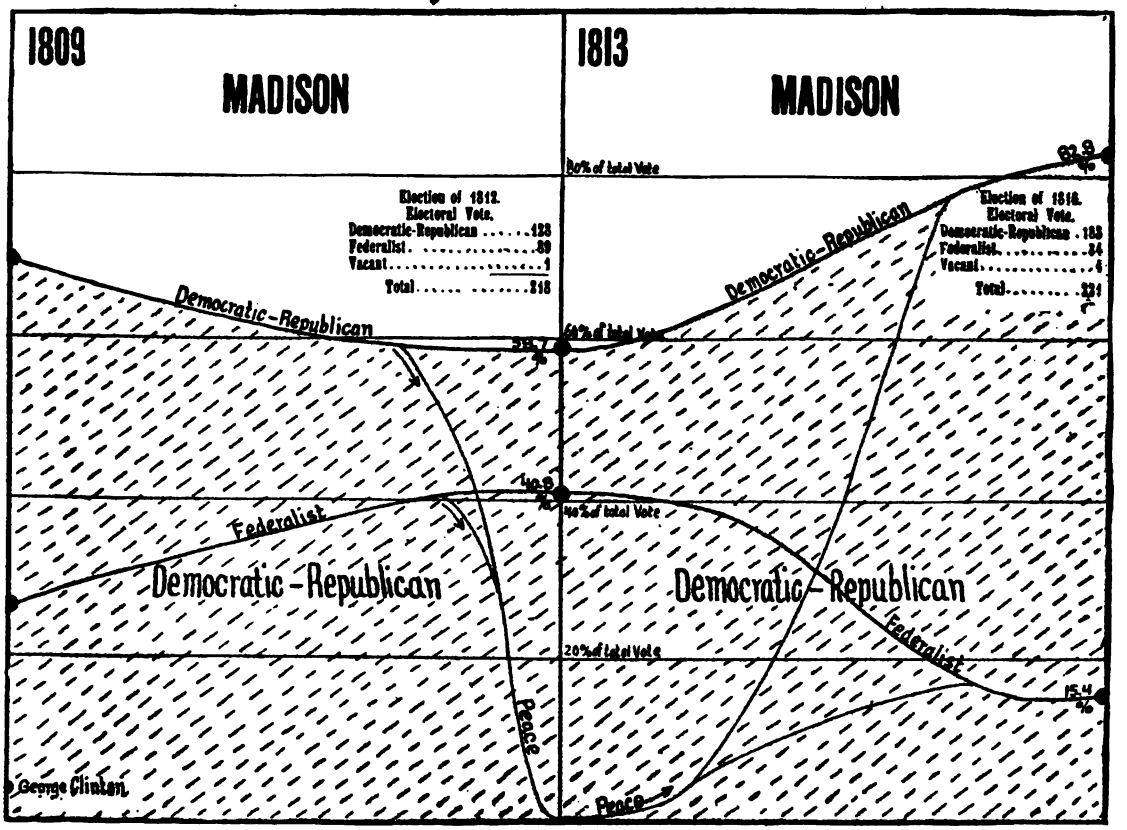
With a view of forcing England to respect American rights, a law was passed by Congress (1806) prohibiting importation of certain English goods. The Embargo Bill followed in 1807, prohibiting United States exports to foreign countries. This nearly destroyed the ocean commerce of the United states, and caused so intense dissatisfaction in New England as to threaten rebellion.

The national policy of Internal Improvements, although inconsistent with close construction of the Constitution, was initiated by an Act providing for the construction of a National Road from Maryland to Ohio.

CHIEF ISSUE.—CONSTITUTIONAL RIGHTS.

Democratic-Republicans.	Federalists.
Advocated the Embargo and a navy of Gun Boats.	Opposed the Embargo, and advocated a navy of large war vessels.

Political History of the United States (continued)



MADISON—First Term.

GRAPHIC STUDY, No. 89.

Explanation.—The continued downward slant of the upper edge of the shading shows a reduction in the strength of the Democratic-Republican Party in Madison's first term, from 69.3 per cent. of the total vote in 1808 to 58.7 per cent. in 1812, while the Federalist strength is seen to have nearly doubled. The chart shows that the so-called Peace party was drawn (1811–12) from each of the great parties, but that it made no showing in the Presidential election of 1812.

History.—The Embargo was repealed, and was replaced by the Non-Intercourse Act in 1809, which, however, forbade trade with England and France, and was, therefore, almost as great a restriction of commerce. New England was still in a state of ferment. In 1810 trade was permitted with France. Relations with England became more and more strained, and in 1812, obeying a demand of the South and West, war was declared.

New England desired a commercial treaty with England on almost any terms, and was therefore opposed to the war, and Massachusetts and Connecticut denied the power of the general government to call out State militia.

The United States Bank, chartered for twenty years in 1791, was refused a renewal of charter by a majority of but a single vote in Congress in 1811.

CHIEF ISSUES.—SOUND CURRENCY—WAR.

Democratic-Republican.	Federalist.
Opposed re-chartering of the United States Bank, and advocated war with England.	Advocated re-chartering the United States Bank, and opposed war with England.

MADISON—Second Term.

Explanation.—The Democratic-Republican line at the top of the shading shows a great gain from 60 per cent. of the total vote in 1812 to 82.8 per cent. in 1816. The chart lines show the return of the Peace party faction to the two great parties.

History.—Until its close, in 1815, the war with Great Britain absorbed the attention of Congress and the people. In 1813 there arose a strong general desire to close the war on almost any terms. England, thereupon, became still more arrogant, and insisted that an independent Indian nation should be organized between the United States and Canada, and that the United States should maintain no fleet or military post on the Great Lakes. This roused a strong war feeling again, and the war was vigorously prosecuted to its close in February, 1815.

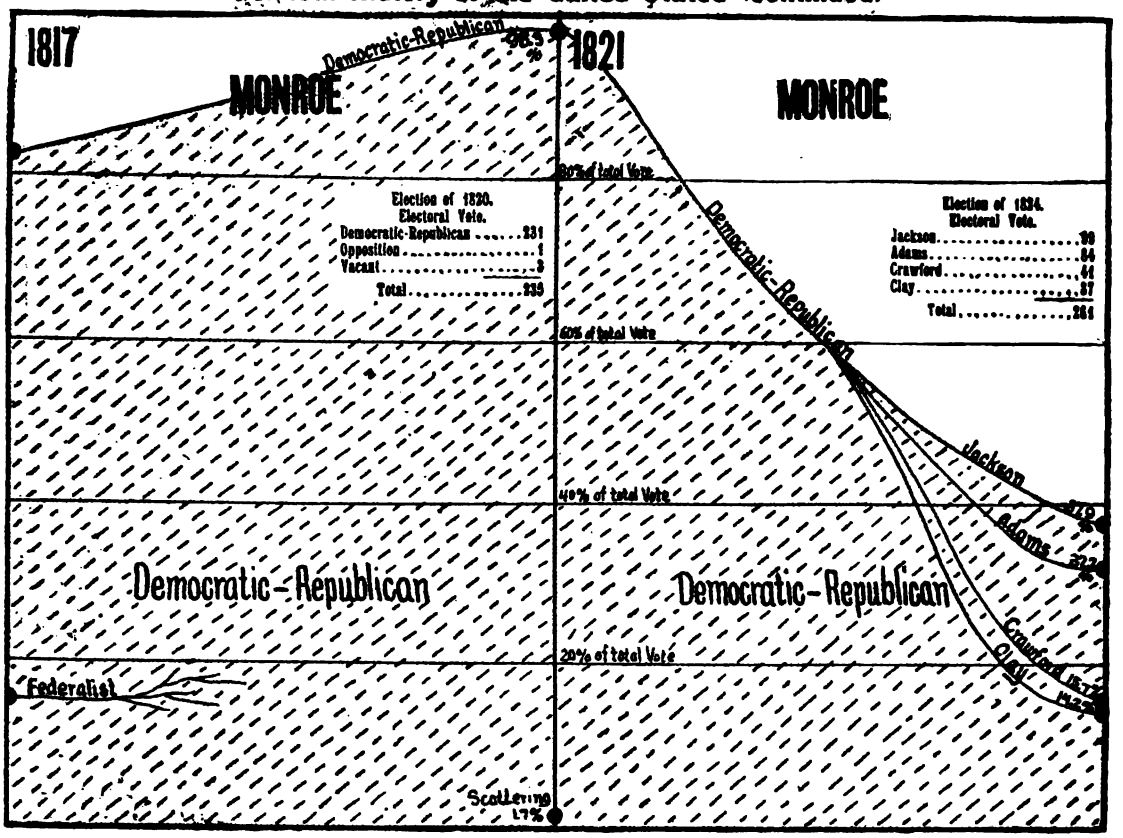
The naval and military successes of the war caused foreign nations to respect the United States on sea as well as on land. Foreign relations thus improved, attention was turned to internal affairs, and a United States Bank was chartered (1816).

The Federalist party was too weak to make any important resistance to the measures of the administration. On financial matters, as indicated by the debates and the action of Congress, the two parties had exactly reversed their former positions.

CHIEF ISSUES.—WAR—SOUND CURRENCY.

Democratic-Republican.	Federalist.
Advocated a National Bank and a Protective Tariff.	Opposed a National Bank and a Protective Tariff.

Political History of the United States (continued)



MONROE—First Term.

GRAPHIC STUDY, No. 90.

Explanation.—Monroe's re-election in 1820 was an almost unanimous choice (98.3). This has been called the "era of good feeling." The breaking up of the Federalist line (lower left hand part of the chart) marks the end of that party.

History.—The United States bank had been chartered, and a tariff intended to protect the interests of the South, and known as "Calhoun's Cotton Tariff," had been adopted in 1816 (Query 25, page 16). This tariff, however, did not include those industries built up under the protection of the embargo, the non-intercourse laws, and the war of 1812-15, and which, by the removal of the war tariff, were left wholly unprotected. With important industries thus crippled, financial distress followed, and culminated in the great panic of 1819 (Query 35, page 19). Florida was purchased (1819), and Missouri was admitted as a slave State (1820).

CHIEF ISSUES.—PROTECTION—SLAVERY.

The Democratic-Republican party, by chartering a national bank, and by enacting a tariff intended to be protective, in 1816, had, in practice, become Federalists, and the Federalist party, thus robbed of its own policy, died. President Monroe, in his message (1817), recommended a Protective Tariff, and in 1819 such a tariff was passed by the House of Representatives, but rejected by the Senate. The proposal to admit Missouri as a slave State caused a purely sectional division, with Southern legislators on one side and Northern on the other.

MONROE—Second Term.

Explanation.—The separation of the Democratic-Republican party into no less than four factions, is marked by the sharp downward slant of the line at the top of the shading, and its division into four separate lines, bearing the names of the presidential candidates in 1824.

This election has been called "The Scrub Race for the Presidency." All four candidates were Democratic-Republican, and known by no other party name, and it was thus, in part, a contest between individuals. Although Jackson received the largest electoral vote, it was not a majority of the whole, and the choice, therefore, went to the House of Representatives, and there resulted in the election of Adams.

History.—The Spanish colonies in South America had revolted, and President Monroe, in referring to a propoition for the United States to recognize them as independent governments, uttered his celebrated "Monroe Doctrine," that the United States would neither interfere in any European war, nor tolerate any attempt, by a European power, to exert a control over any recognized form of government on either of the American continents. In 1824 a Protective Tariff Law was enacted.

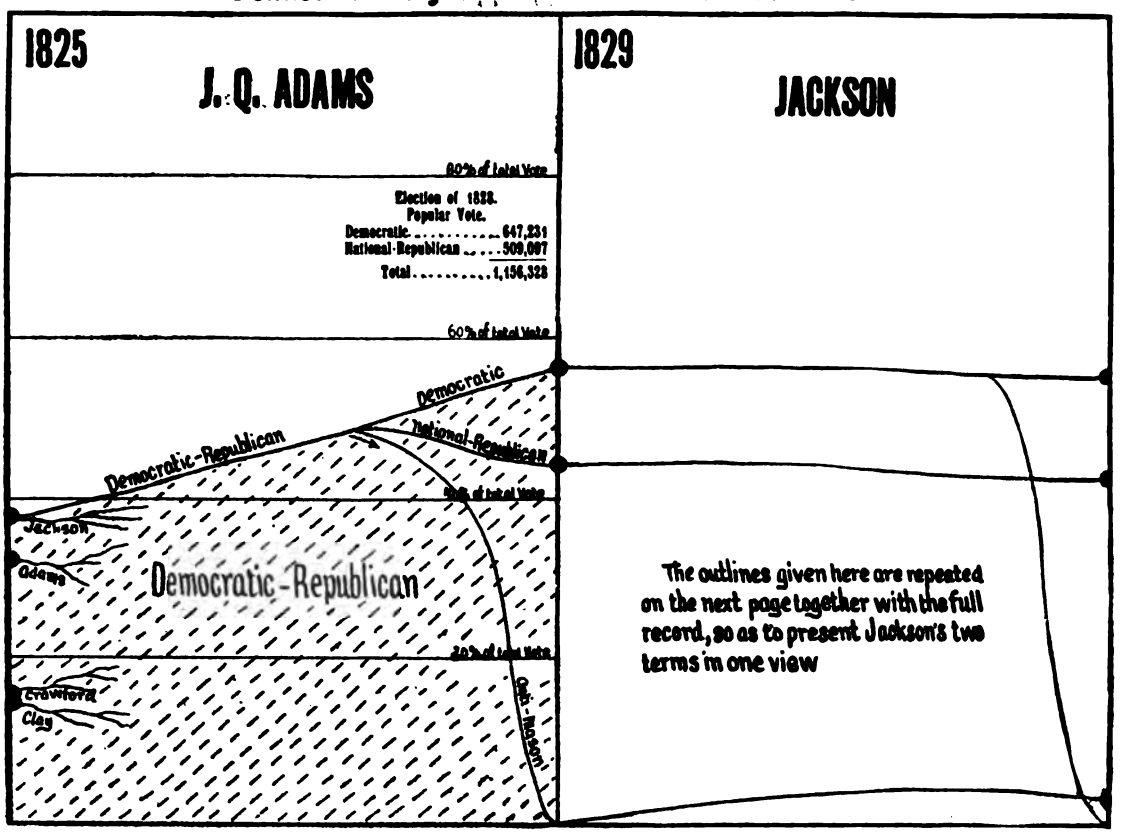
CHIEF ISSUES.—PROTECTION—INTERNAL IMPROVEMENTS.

Strict Constructionists.

Opposed a Protective Tariff and appropriations for the Cumberland road and making surveys for a national Canal system.

Broad Constructionists.

Under the leadership of Clay, advocated that plan of internal improvements known as "Clay's American system." (See page 17, Query 26.)



J. Q. ADAMS.

GRAPHIC STUDY, No. 9.

Explanation.—The Democratic-Republican party divided into three parts, as indicated in the above chart. The third party (Anti-Mason), was a minor faction, which cut no figure in the presidential contest of 1828. The two main divisions represent the two great parties of to-day. The Democratic party has kept its name unchanged; the National Republican carried that title only a few years, when it was changed to Whig, and in 1854 to Republican.

The election table for 1828 in the diagram above, records the *popular vote* for the first time. Before 1828, most States chose presidential electors not by direct vote of the people, but by their Legislatures, as Senators are now chosen.

History.—Georgia proposed a forcible removal of the Creek Indians within her borders, in opposition to the policy of the President. "Jackson Men" afterward "Democrats," and in principle strict constructionists, charged Adams with "bargain," and "intrigue," because he made Clay Secretary of State, and spent their main effort in pushing Jackson's candidacy for the presidency in 1828. Appropriations for internal improvements were increased, and in 1828, after a long and bitter debate, the highest Tariff of the first half century was passed. The protective policy was at this date advocated by the North, while in 1816 the demand came from the South.

CHIEF ISSUES.—PROTECTION—INTERNAL IMPROVEMENTS.

DEMOCRATIC-REPUBLICAN.	"JACKSON MEN."
Advocated Protective Tariffs and Intern Improvements.	Opposed Protective Tariffs and Internal Improvements.

THE ERA OF GOOD FEELING.

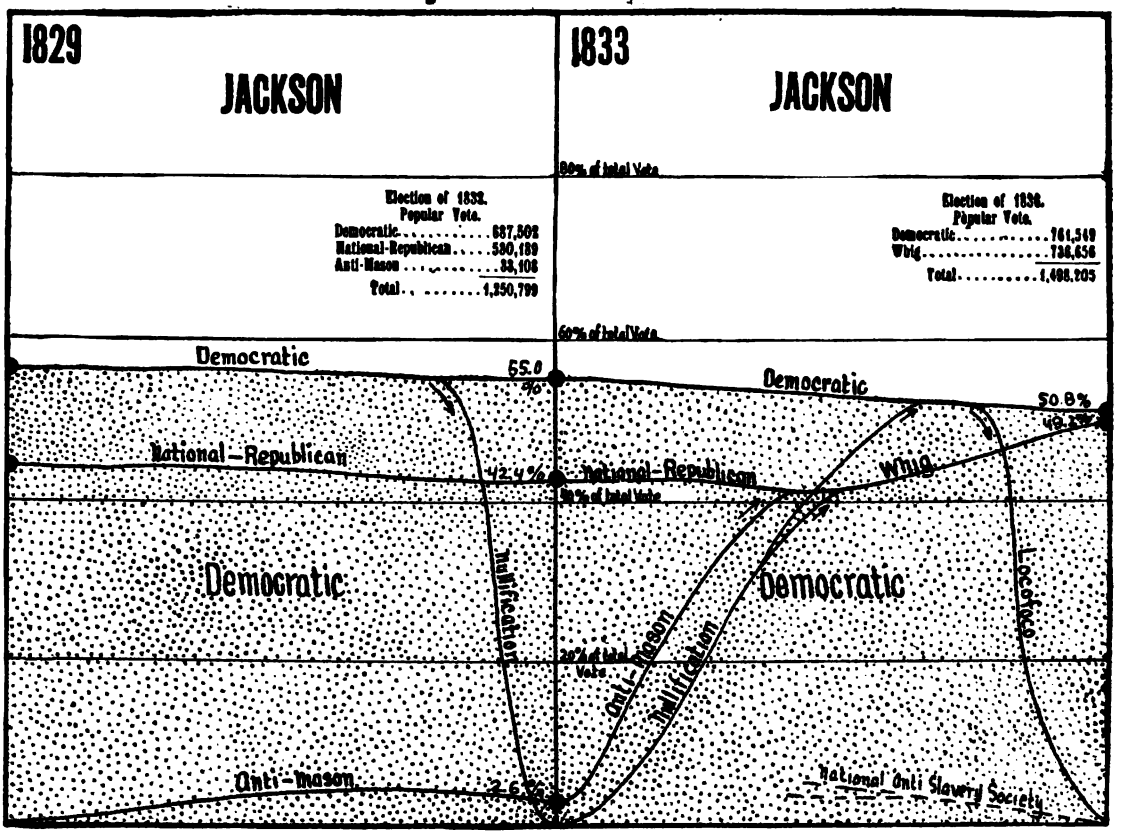
The so-called "Era of Good Feeling" (1820–1824), marks an unparalleled period in American politics. The old Federalist party, as already indicated, had been robbed of its broad construction principles through their adoption by the Administration in practical measures. There was, therefore, nothing that it could heartily oppose, and as a result its party organization collapsed.

Many of the Federalists joined hands more or less heartily with the Democratic-Republicans; others, however, held aloof, and at the same time many close constructionists among the Democratic-Republicans, felt that by reason of the "about face" policy of the party, they had no political home. These two classes of men formed a large floating element ready to ally themselves with any party reorganization which should promise to revise definite national policies.

This reorganization went rapidly forward during the administration of J. Q. Adams. Both Adams and Clay stood for broad construction, and Jackson for strict construction. The Adams and Clay factions soon united under the name of National-Republicans. The "Jackson Men" more slowly took the name of Democrats, but their methods of agitation were much more aggressive and attractive than those of the administration party, and they therefore absorbed a larger share of the floating elements produced by the "Era of Good Feeling."

At the election of 1828, party lines were once more sharply formed and party policies clearly outlined.

Political History of the United States (continued)



JACKSON—First Term.

GRAPHIC STUDY, No. 92.

Explanation.—The party lines are of special interest in Jackson's first term. The two lines representing the great parties, each drop down a little, while the anti-Mason line rises. The split of the Nullification faction from the Democratic party evidently made but little difference in its voting strength in 1832.

History.—Jackson startled the country by a wholesale removal of civil officers to make room for Democrats, thus introducing the "Spoils System." In 1830 occurred the great Nullification debate between Hayne and Webster. In 1832 South Carolina declared the tariff laws null, and announced that she would secede if force were used to execute them. President Jackson ordered a naval force to occupy Charleston Harbor and to see that the duties were collected. In 1833 Clay's Compromise Tariff was adopted (Query 27, p. 17). In 1832 the President vetoed a bill to recharter the United States Bank.

CHIEF ISSUE.—PROTECTION—INTERNAL IMPROVEMENT.

Democrats.

Jackson was a Protectionist but most of his party were opposed to protection. Extreme "strict construction" Democrats favored nullification and opposed appropriations for internal improvements.

National-Republican.

Led by Clay, the National Republicans, together with a considerable number of Democrats, advocated a high protective tariff, and appropriations for internal improvements.

JACKSON—Second Term.

Explanation.—The National Republican party, strengthened by the Anti-Masons and a branch of the Nullificationists, took the name of Whigs. Many broad constructionist Democrats also joined the new Whig party, and the election of 1836 showed only a small Democratic majority. The Locofoco faction parted from the Democratic party as indicated, but they had no presidential candidate. The National Anti-Slavery Society appeared as the forerunner of a great political movement.

History.—The passage of "Clay's Compromise Tariff" Act was accepted by the South Carolina nullifiers as a pretext for repealing the Nullification ordinance, which they did. The charter of the United States Bank was to expire in 1836, and although a renewal of the charter had been prevented by his veto in 1832, yet Jackson took further measures to destroy the bank. Two Secretaries of the Treasury who refused to obey his instructions to remove the Government deposits to other banks were successively removed by Jackson, and Roger B. Taney was appointed. Conflicts between the President and Congress were frequent, but in the end Jackson triumphed.

CHIEF ISSUE.—UNITED STATES BANK—SLAVERY.

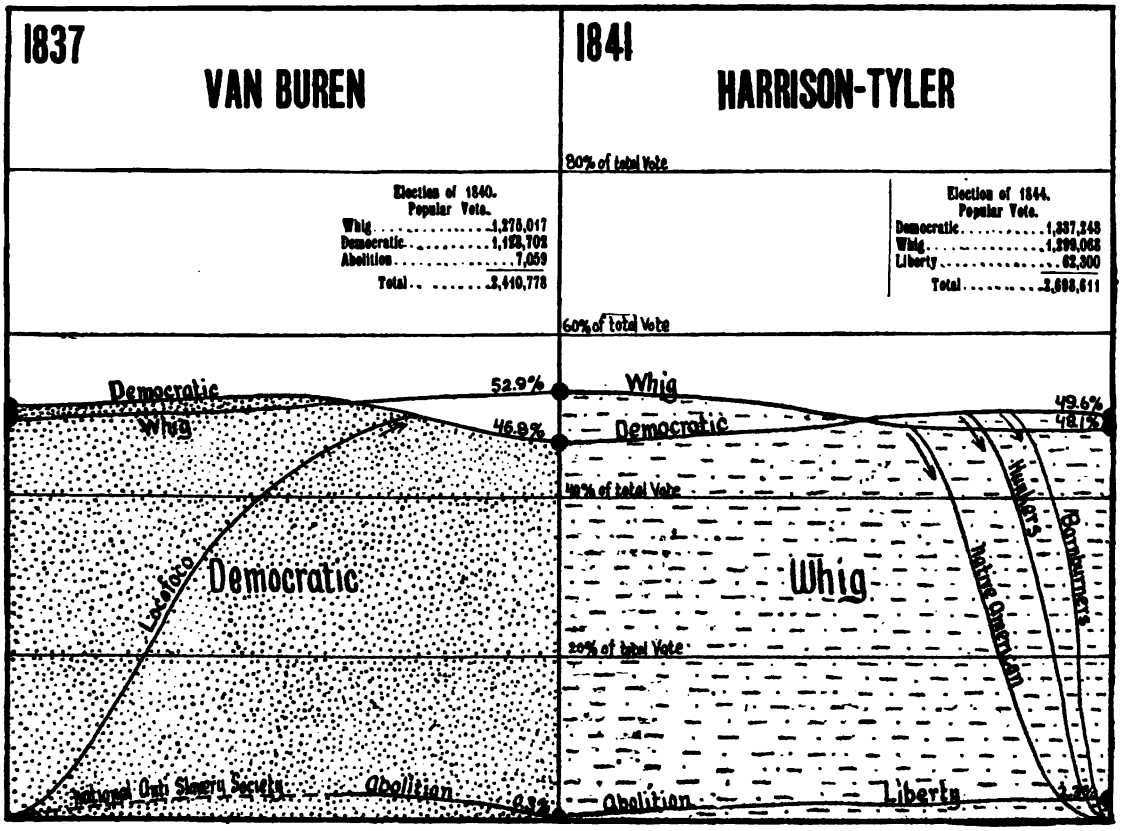
Democrats.

Led by the President, the extreme Democrats advocated the destruction of the United States Bank; and the House of Representatives resolved to table all petitions relating to Slavery.

Whigs.

The Whig party, made up of incoherent elements, vainly opposed the destruction of the United States Bank, and its large southern element prevented its favoring strongly the new Anti-Slavery movement.

Political History of the United States (continued)



VAN BUREN.

GRAPHIC STUDY, No. 93.

Explanation.—Three points of special interest in the above STUDY on Van Buren's administration are, (1) the return of the Locofoco faction to the Democratic ranks; (2) the loss of voting strength by the Democratic party in 1840 and (3) the organization of the Anti-Slavery element into a political party with its own Presidential candidate.

History.—The destruction of the United States bank induced "wild cat" banking, and Jackson's "Specie Circular" refused the "wild cat" currency in payment for public lands.

Government revenues from land sales ceased, and tariff revenue dropped from $31,000,000 in 1836 to $18,000,000 in 1837, and a special session of Congress was called to provide Government relief. The currency rapidly depreciated in value, the banks everywhere suspended specie payment, and the panic of 1837 followed. The President (1837) and Congress (1838) refused to recall the "Specie Circular," and in 1839 another panic occurred, less extensive but more discouraging. The locking up of the government funds by the suspension of many of the "pet banks" of deposit led to the proposition to establish National Sub-Treasuries.

A Sub-Treasury bill, after being twice defeated, became a law. Congress voted to table all bills relating to Slavery

CHIEF ISSUE.—DEPOSIT OF GOVERNMENT FUNDS.

DEMOCRATS.	WHIGS.
The party in general agreed with Van Buren in advocating Sub-Treasuries as depositories for the government funds.	A few "conservative" Democrats united with the Whigs to defeat the Sub-Treasury plan, until 1840, when it became a law.

HARRISON—TYLER

GRAPHIC STUDY, No. 94.

Explanation.—A changed shading on the chart above marks the introduction of the Whig party into the dominant position.

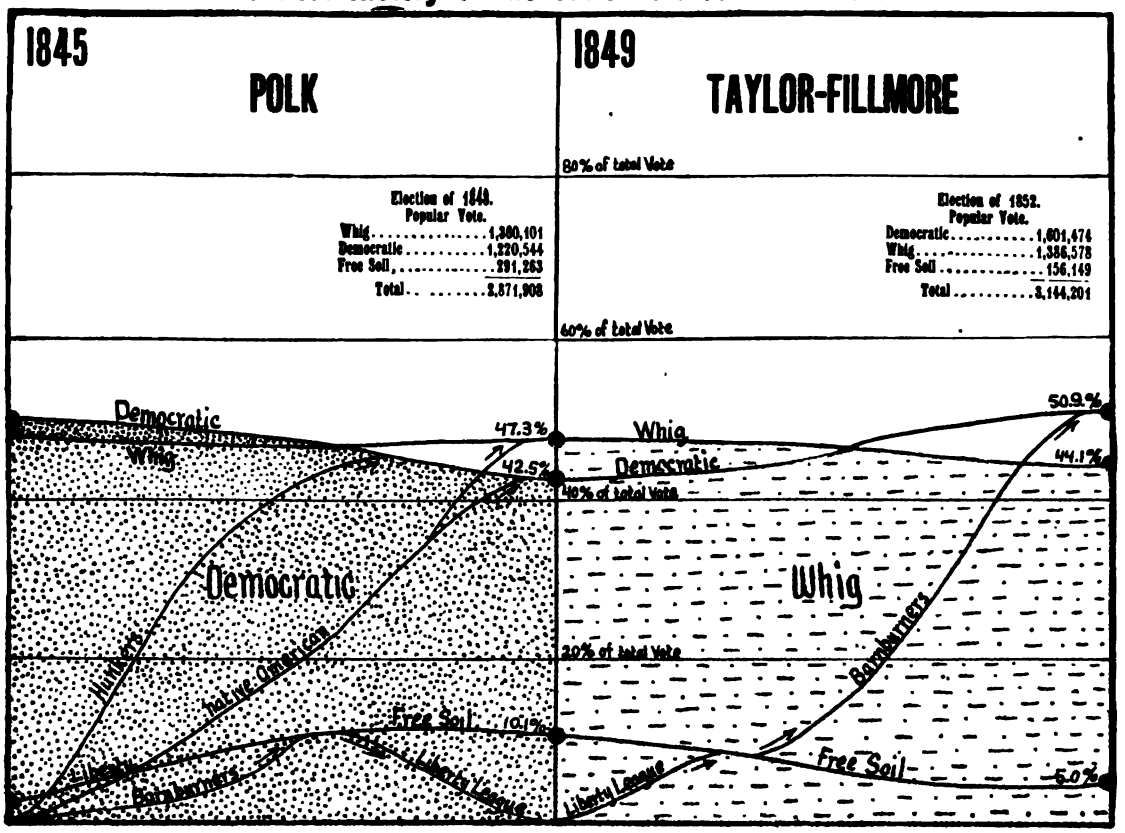
The two principal chart lines, Whig and Democratic, again cross, but their separation in 1844 is less than in 1840. Three factions broke from the main parties, but nominated no Presidential tickets. The Abolition party changed its name to Liberty party, and its vote in 1844 shows a decided increase over that of 1840.

History.—President Harrison died one month after inauguration. The Vice-President, Tyler, was originally a Calhoun Democrat, and both his sympathies and principles were opposed to the majority of the Whig party. His quarrel with his own party lasted throughout his term. The Sub-Treasury law was repealed, and two bills to establish a United States bank were vetoed. The "Compromise Tariff" (1834-43) had reduced receipts below expenses, and in 1842, to provide a larger revenue, a tariff law was enacted increasing the rate of duties. (Query 28, page 17.) The admission of Texas became an exciting topic on account of the slavery question involved. The South saw that there was little prospect for the westward extension of slavery, except by the admission of Texas, while at the North, the extension of free state territory would reach the Pacific.

CHIEF ISSUES.—UNITED STATES BANK—PROTECTION—SLAVERY.

WHIGS.	DEMOCRATS.
Advocated an United States bank and a Protective Tariff, and opposed the extension of slavery.	Opposed an United States Bank and a Protective Tariff, and advocated the admission of Texas as a slave State.

Political History of the United States (continued)



POLK.

GRAPHIC STUDY, No. 95.

Explanation.—For the third time the Democratic and Whig lines of the chart cross, but both parties cast a proportionately smaller vote than in 1844. The Liberty or Free Soil party cast more than four times its vote of 1844, as shown by the upward slant of its line. The Hunkers returned to the Democrats, and the Native Americans divided their votes between the two great parties, the Barnburners for the time being joined with the Free Soil party, and the "Liberty League" withdrew, but put no Presidential ticket in the field.

History.—Texas was admitted as a slave State in December, 1845. The slavery question became of intense interest. The two great religious bodies (1845), and Methodists (1846), each separated into northern and southern branches. War with Mexico grew out of the settlement of the Texas boundary, and from this resulted the "Wilmot Proviso," prohibiting slavery in any acquired Mexican territory. There was developed the doctrine of "Squatter Sovereignty" that each new State must decide the slavery question for itself.

Slavery was the chief issue, but the settlement of the Oregon boundary, the establishment of a Sub-Treasury system, and the adoption of a lower revenue tariff, were also important matters of legislation.

CHIEF ISSUE.—SLAVERY.

DEMOCRATS.	WHIGS.
Southern Democrats advocated, and Northern Democrats opposed the extension of Slavery.	The Whig party, made up of incongruous elements, "straddled" all questions of definite policy.

TAYLOR-FILLMORE.

GRAPHIC STUDY, No. 96.

Explanation.—For the fourth time the Whig and Democratic chart lines cross; these two main parties cast a larger part of the total vote than in 1848, the Whigs sustaining a small loss and the Democrats making a decided gain. This is in part accounted for by the return of the Barnburners to the Democratic ranks. The downward slope of the Free Soil line shows that many of that party must have voted with the Democrats in 1852.

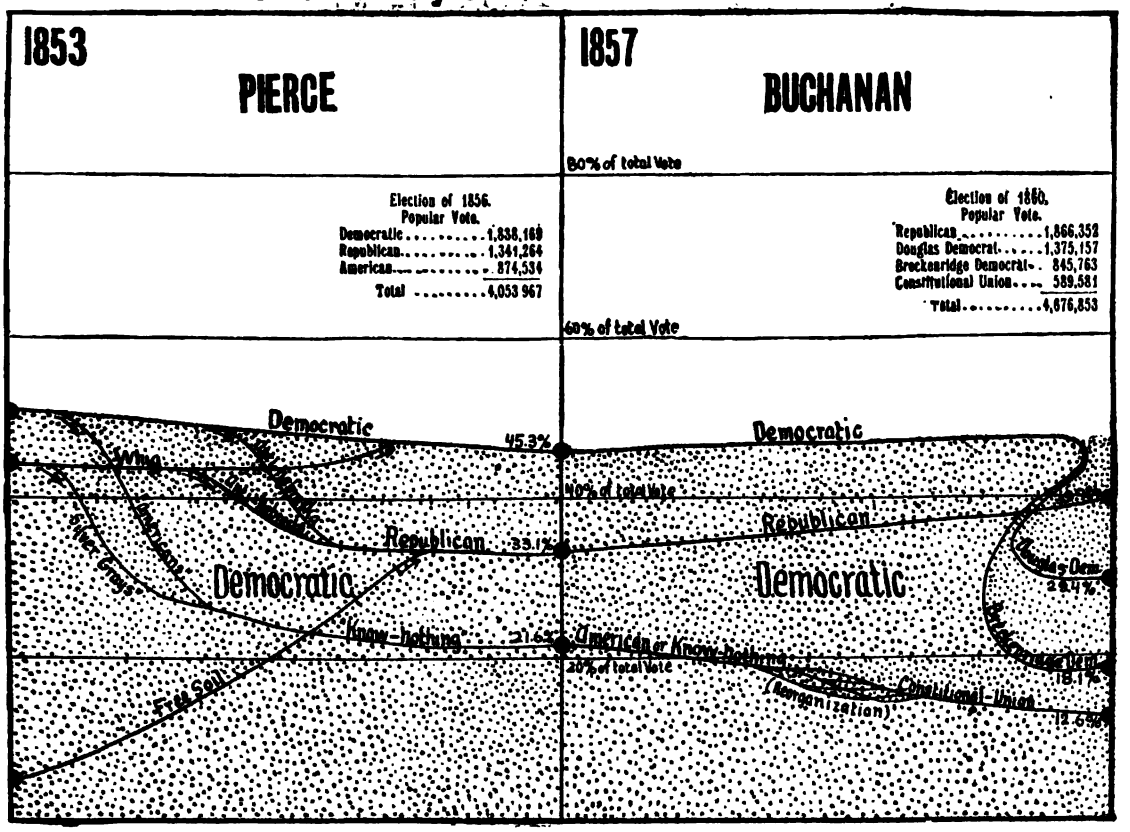
History.—President Taylor was scarcely seated when California's application to be admitted as a free State, inaugurated a heated controversy on the slavery question. The gold fever was then at its height. California was too rich a territory for slave-holders to lose. In the midst of the debate President Taylor died (July 9, 1850). It is noteworthy that, of the former great leaders, Clay, Webster and Calhoun, died during this term.

The accession of Fillmore created a quarrel with his party similar to that of Tyler, though milder. Congress was divided into factions. The Cuban filibustering expeditions increased the Slavery agitation, while the "Compromise of 1850," with its extreme Fugitive Slave Law, set the Northern States aflame.

CHIEF ISSUE.—SLAVERY.

WHIGS.	DEMOCRATS.
The Anti-Slavery Whigs and Free Soilers opposed the "Compromise of 1850," as a surrender of free soil to the Slave power.	The Northern Democrats and Pro-Slavery Whigs advocated the "Compromise of 1850," while the Southern Democrats opposed it.

Political History of the United States (continued)



PIERCE.

GRAPHIC STUDY, No. 97.

Explanation.—The administration of Pierce witnessed the formation of the great successor to the Whig party. The Anti-Nebraska factions of the Whig and Democratic parties united with the Free-Soil party to make the Republican party. The "Americans," from the Democrats, and the "Silver Grays," from the Whigs, united to form the Know-Nothing party, and the residue of the old Whig party united with the Democrats. Under all these changes the Democratic voting strength was reduced in the election of 1856, but not enough to bring either of the two new parties into power.

History.—Seward, Sumner, Chase, Davis and Stephens replaced as leaders those who had died during the preceding term. They were all radical men. The Slavery question so stirred the people that Northern men in the South or Southern men in the North found no cordial welcome. The Kansas-Nebraska bill (1854) was fuel to the fire, and the Ostend Manifesto (1854) fed the quarrel, which in 1856 resulted in Civil War in Kansas. Sumner was assaulted in the Senate and Northern States passed laws bordering on nullification of the fugitive slave law. A treaty opening Japan to American commerce was ratified, and the customs tariff was reduced.

CHIEF ISSUE.—SLAVERY.

DEMOCRATS.	REPUBLICANS.
Favored the Ostend Manifesto; advocated non-interference with Slavery in the Territories, and opposed the admission of Kansas as a free State.	Advocated the admission of Kansas as a free State, and opposed the Ostend Manifesto and the extension of Slavery to the Territories.

BUCHANAN.

GRAPHIC STUDY, No. 98.

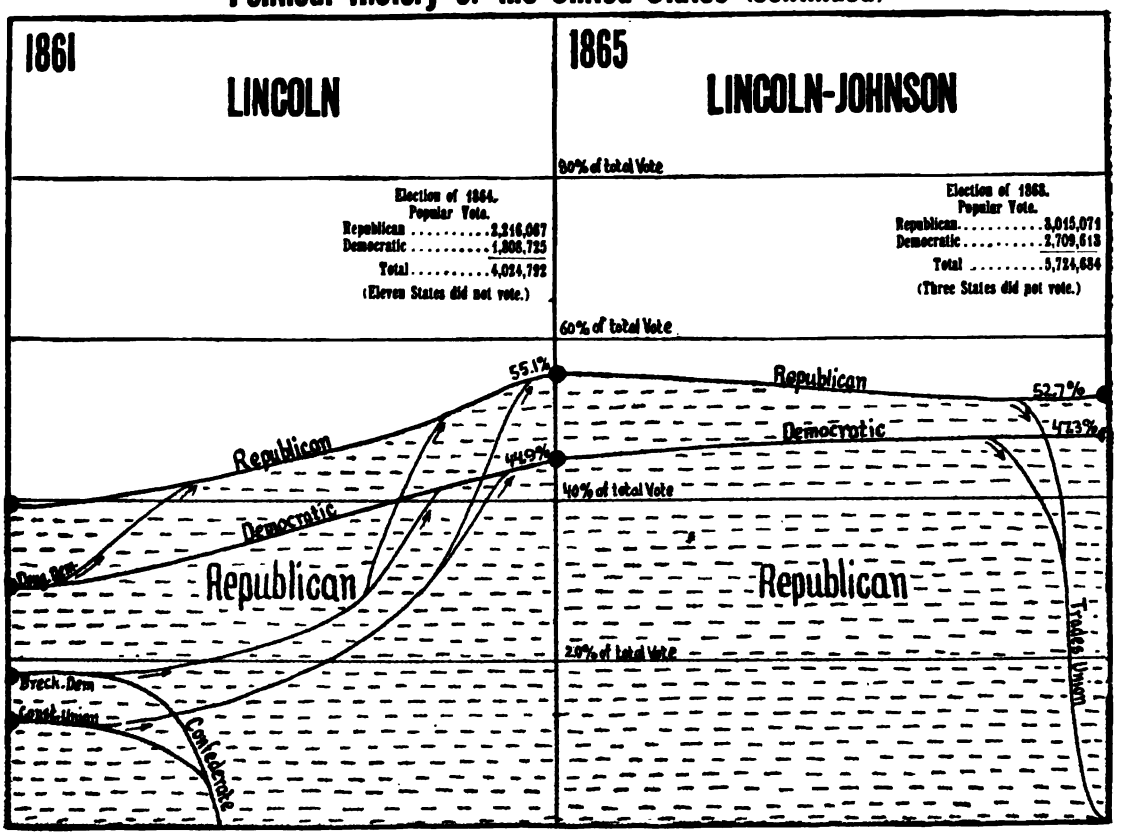
Explanation.—The chief feature of interest in this chart is the split of the Democratic line just preceding the election of 1860, which resulted in giving the Republicans a large plurality over either of the Democratic wings. The Know-Nothings were re-organized as the Constitutional Union party, but as the downward slope of the party line shows, lost nearly half their voting strength.

History.—The Dred Scott Decision created a storm of angry dissent in the North and moved the South one step further toward disunion. Congress was embittered over the proposed pro-Slavery Lecompton Constitution for Kansas. Southern Senators became so domineering that Northern Democrats, led by Douglas, refused to follow their lead. John Brown's insurrection carried the quarrel to white heat. South Carolina seceded in 1860. The four months between the election in November and the inauguration of President Lincoln on the 4th of March, gave the Southern States an opportunity to secede and to prepare for war. Buchanan protested, but claimed he was powerless to prevent secession.

CHIEF ISSUE.—SLAVERY.

DEMOCRATS.	REPUBLICANS.
Approved the Dred Scott decision. Douglas Democrats advocated "Squatter Sovereignty." Breckenridge Democrats demanded that Congress protect Slaveryeverywhere and advocated a stronger Fugitive Slave Law.	Rejected the Dred Scott decision. Demanded that Congress should prohibit Slavery in the Territories. They denied the right of property in persons and denounced the Lecompton Constitution.

Political History of the United States (continued)



LINCOLN—First Term.

GRAPHIC STUDY, No. 99.

Explanation.—Both the Republican and the Democratic party lines on the chart show largely increased strength in the election of 1864 as compared with 1861. A considerable body of Douglas Democrats and Constitutional Union men joined the Republicans, re-electing Lincoln by a percentage since exceeded only at the re-election of Grant in 1872.

History.—Traitors among government officers had aided the South to gain possession of public arsenals and military stores. Lincoln denied the right of secession, and announced that the government would be content with re-possessing its forts and other property, and would not attempt to enforce its mails or public service on unwilling States. April 12, 1861, the rebels opened fire on Fort Sumter. For the time old issues were lost sight of at the North; there was a single, overwhelming party in favor of preserving the Union, and a small faction of sympathizers with secession, contemptuously called "Copperheads."

As the war went on public opinion gradually forced the government into hostility to slavery; there appeared at first "Peace Democrats," and later there was a complete separation of the Union party into Republicans and Democrats. The President's Emancipation Proclamation was issued in 1863. Numerous laws were passed to increase revenue. The National Banking System was established (1863), and the Fugitive Slave Law was repealed (1864).

CHIEF ISSUE.—CIVIL WAR.

Republicans.	Democrats.
Steadily advocated the vigorous prosecution of the war to restore the whole Union.	1861, advocated the prosecution of the war; 1864, demanded that the war should close.

LINCOLN—Second Term.

GRAPHIC STUDY, No. 100.

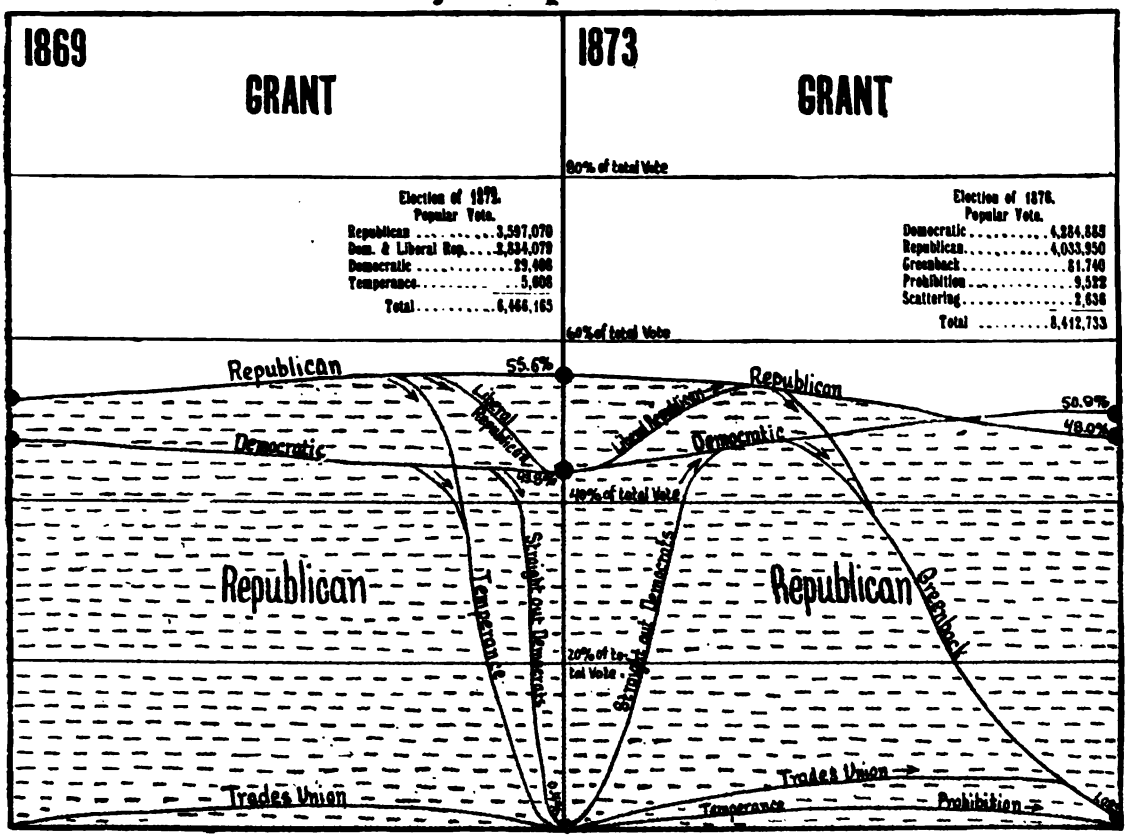
Explanation.—The two chief chart lines approach more nearly together in 1868, showing a Republican loss of voting strength and a Democratic gain. A small faction from each party united under the name of Trades Union, but made no Presidential nominations.

History.—Just as the war was closing the assassination of President Lincoln made Andrew Johnson President. Johnson, though elected as a Republican, had been a Southern neutral Democrat, and rejected the Republican plans for reconstructing the governments of the Southern States and readmitting them, one by one, to representation in Congress. Various measures were proposed, and Congress determined to make haste slowly in readmitting the rebellious States. This delay angered Johnson, and he vetoed not only reconstruction bills, but also many others, and the large Republican majority passed them over his veto. One of these was the Tenure of Office Bill. In defiance of its provisions, Johnson removed Secretary of War Stanton. For this and other acts he was impeached by the Republican Congress and tried, but there was lacking one vote of conviction. Just before the close of his administration, the 15th Amendment, giving to colored men the unquestioned right to vote, was passed over his veto. The purchase of Alaska was an important act of this administration.

CHIEF ISSUE.—RECONSTRUCTION.

Republicans.	Democrats.
Claimed the right of Congress to legislate for the reconstruction of the Southern States.	Held that the Constitution made no provision for reconstruction legislation by Congress.

Political History of the United States (continued)



GRANT.—First Term.

GRAPHIC STUDY, No. 101.

Explanation.—The Republican chart line shows a gain and the Democratic line a corresponding loss of voting strength in the election of 1872. The Straight-Out Democrats cast a very small Presidential vote (four-tenths of one per cent). The Temperance and Trades Union parties made no Presidential nominations.

History.—The political conditions in the Southern States were unsatisfactory to all concerned. The ignorant blacks were controlled by northern and southern demagogues for personal ends. The "Kuklux" resorted to violence to repress the black vote. United States troops were powerless, for on their approach violence ceased only to break out afresh elsewhere. The reconstructed governments were gradually overthrown and the "White man's government" substituted instead. Some of the States passed laws practically annulling the 14th and 15th Amendments.

The National Government was not idle. The Civil Rights Act (1870), the Election Act (1870), and the "Force Act" (1871), were each sharply aimed at interference with the negro vote, but each proved powerless. In 1872, a final and general Amnesty law was enacted.

The "Treaty of Washington" (1871) provided for arbitration of the "Alabama Claims." The "Virginius Affair" was settled (1873). Internal taxation and tariff rates were greatly reduced, 1869-1872, (see charts on pages 15 and 101).

CHIEF ISSUE.—NEGRO FRANCHISE.

Republicans.	Democrats.
Strove to overcome the anarchy at the South and give all men, white or black, an equality at the ballot box.	Deplored the "detestable and wicked outrages" but believed their number had been grossly exaggerated for political purposes.

GRANT—Second Term.

Explanation.—The crossing of the Democratic and Republican chart lines show the changes in the voting strength of the two parties. The popular vote of the Democratic party in 1876 is seen to be greater than the Republican and would have elected Samuel J. Tilden, had the Constitution provided that the popular vote should elect the President. The Straight-Out Democrats, and the Liberal Republicans returned to their original organizations. The Greenback factions, breaking from the two great parties, united with the Trades Union element and their Presidential candidate received one per cent. of the total vote. The Temperance party changed its name to Prohibition party, but put no candidate in the field.

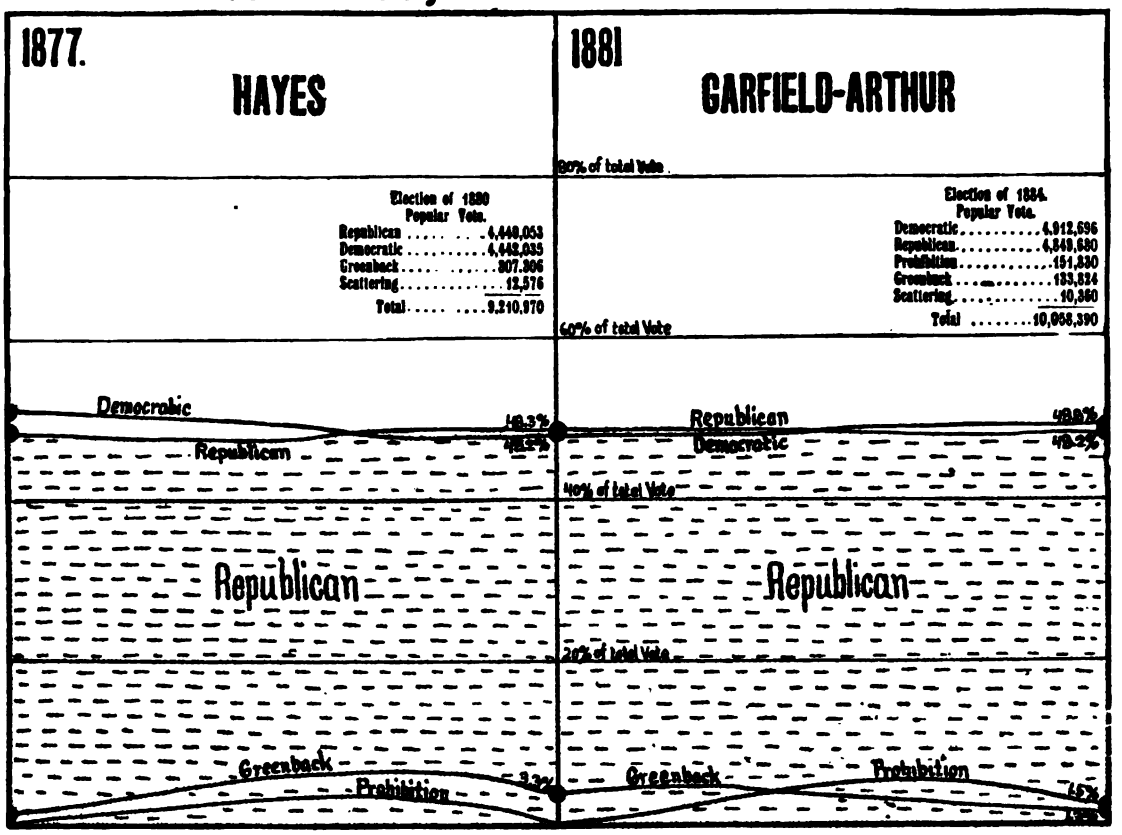
History.—The abandonment of the "War Tariff" (1868-1872) was followed by the great financial panic of 1873, which pressed heavily on the country for several years. In 1875 an Act was passed providing for resumption of specie payment on Jan. 1, 1879.

This was a period of political scandals. In 1872 the "Credit Mobilier" placed several Congressmen under suspicion. The "Whisky Ring" (1874-1875) disgraced various government officials, and in 1876 Secretary of War Belknap was impeached for official misconduct. A reform of the civil service appointments was attempted. The condition of the Southern politics grew no better. The army was often called into requisition to sustain State governments, but law was often defied and violence was common.

CHIEF ISSUE.—NEGRO FRANCHISE.

Republicans.	Democrats.
Approved the use of Federal authority to repress disorder in the Southern States.	Condemned the Enforcements Acts and the military interference of the administration.

Political History of the United States (continued)



HAYES.

GRAPHIC STUDY, No. 102.

Explanation.—The crossing of the Democratic and Republican chart lines indicates another change of the popular majority vote, and their close proximity from 1880 to 1888 shows such an equal measure of voting strength as is without parallel in our history.

The Greenback party cast a vote larger than in 1876. The Prohibition element, although a considerable factor in some local elections, cast no Presidential vote.

History.—The "Electoral Commission" decided the long contest over the Presidential vote in favor of Hayes. There was at first a great cry of "Fraud," and "Usurper" from the opposition, but a welcome political calm succeeded. All Federal troops were withdrawn from the South, and in all the late seceded States the "White Man's Government" was soon in full control.

The panic of 1873 ceased as the date for the resumption of specie payment approached. A Bill to restore the silver dollar to coinage was passed over the Presidential veto, and over a thousand million dollars of government bonds were called in and re-issued at a lower rate of interest. Another ineffectual effort was made to improve Civil Service appointments.

CHIEF ISSUES.—NEGRO FRANCHISE—SOUND MONEY.

REPUBLICANS.	DEMOCRATS.
Disapproved the withdrawal of troops from the South and the "mild southern policy" of the President, and were divided on financial questions.	Tried to compel the repeal of election laws by forcing riders on appropriation bills, and were divided on financial questions.

GARFIELD—ARTHUR.

GRAPHIC STUDY, No. 103.

Explanation.—The lines of party strength, running close together, cross again, giving a small popular majority to the Democratic party, and in this instance the electoral vote was also in their favor, giving Cleveland the presidency in 1885.

The Greenback party plainly lost strength, and the Prohibition party cast 1½% of the total vote.

History.—The scramble for office began as soon as the President was seated, just as with every new administration since "Jackson's Reign." Out of this scramble grew the resignation of Senators Conkling and Platt, and later the President's assassination by a disappointed office seeker. President Garfield died Sept. 19, 1881, and Vice-President Arthur succeeded to the Presidency.

Early in 1881, the * "Star Route Frauds" were investigated and the abuses finally checked. In 1881-1882 between seven and eight hundred million dollars of 5 and 6 per cent. government bonds were refunded at 3½ and 3 per cent.

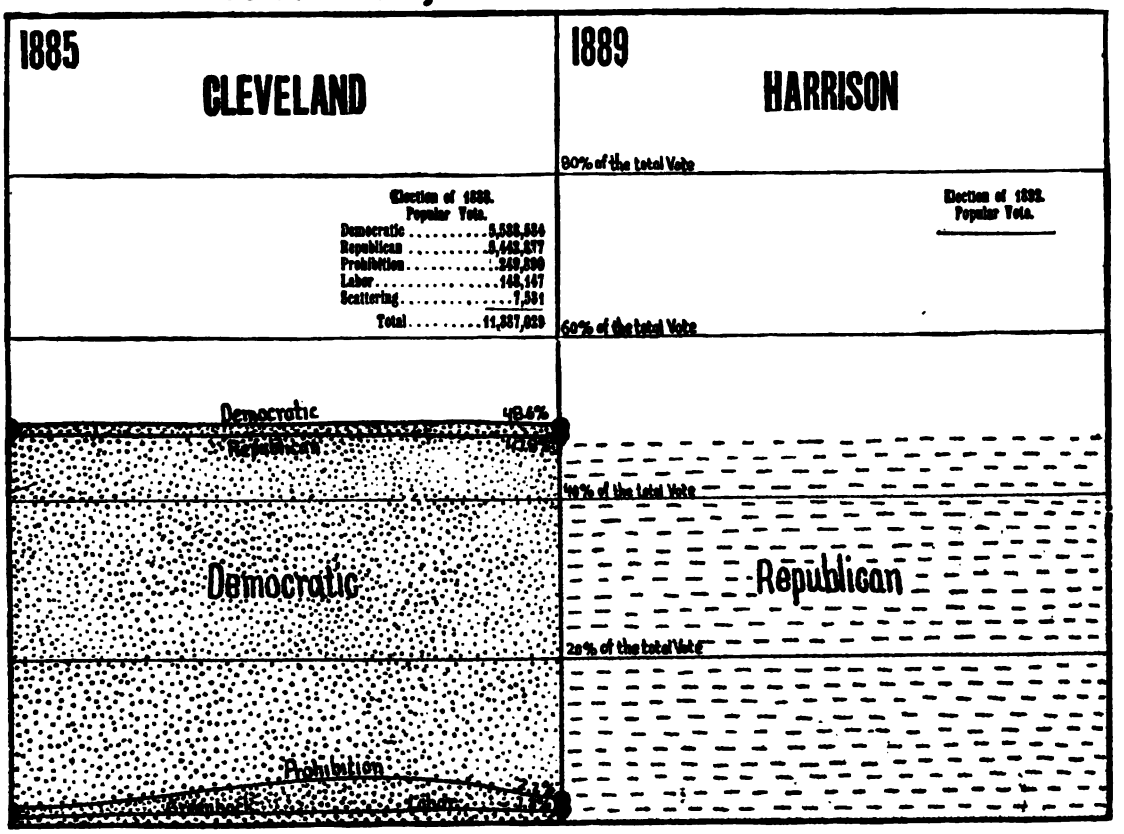
The horror of Garfield's assassination, as a result of the desperate scramble for office, enforced the need of vigorous Civil Service Reform, and in 1883 the "Pendleton Act" was passed, and President Arthur executed it faithfully.

CHIEF ISSUE.—THE TARIFF.

REPUBLICANS.	DEMOCRATS.
Advocated a protective Tariff.	Advocated a Tariff for revenue, with limited protection.

*In sparsely settled regions mails are carried in wagons, on horseback, etc., and in the Post Office records such routes are marked with a star (*) to distinguish them from steam routes.

Political History of the United States (continued)



CLEVELAND.

GRAPHIC STUDY, No. 104.

Explanation.—The Democratic party in 1888 cast a popular vote of 48.6% against a Republican vote of 47.8%, but again, as in the election of 1876, the electoral ballot reversed the popular vote and the Republican candidate was seated. Hence the Democratic party line maintains its place on the chart above the Republican. The Prohibition line marks a slightly increased vote in 1888, and the Greenback party became the Labor party with almost exactly the same vote as in 1884.

History.—For the first time in over half a century there was no immediate change of Civil Officers; hungry politicians clamored long and loud, and, although slowly, yet surely, the changes were made. A Bill for Tariff reduction was defeated in 1886, and in 1888 the Mills Bill proposing radical revision and reduction passed the House, but not the Senate.

In 1886 was passed the "Presidential Succession Bill" naming the order of succession to the Presidency, of the cabinet officers (beginning with the Secretary of State) in case of inability of both President and Vice-President to serve. In 1887 a law was enacted regulating the count of electoral votes in emergencies.

The Canadian Fishery question caused considerable controversy, and at one time took a serious aspect. An Inter-State Commerce Law, regulating railroad freight rates, was enacted.

CHIEF ISSUE.—THE TARIFF AND THE SURPLUS.

DEMOCRATS.	REPUBLICANS.
Advocated a Tariff for revenue, with incidental protection if any, and a reduction of the surplus.	Advocated a Tariff whose chief aim should be protection, and a reduction of the surplus.

HARRISON.

GRAPHIC STUDY, No. 105.

Explanation.—After the election of 1892 the dots delineating the votes of the several parties may be made, and the chart lines drawn by the reader for himself, on the blank diagram above.

History.—After one of the most heated tariff controversies of the century, Congress passed the McKinley Tariff Bill and it became a law under date of Oct. 1, 1890. Most of its provisions went into effect a few days later (Oct. 6), but the free sugar clause did not go into effect until April 1, 1891, and the tin plate clause not until July 1, 1891.

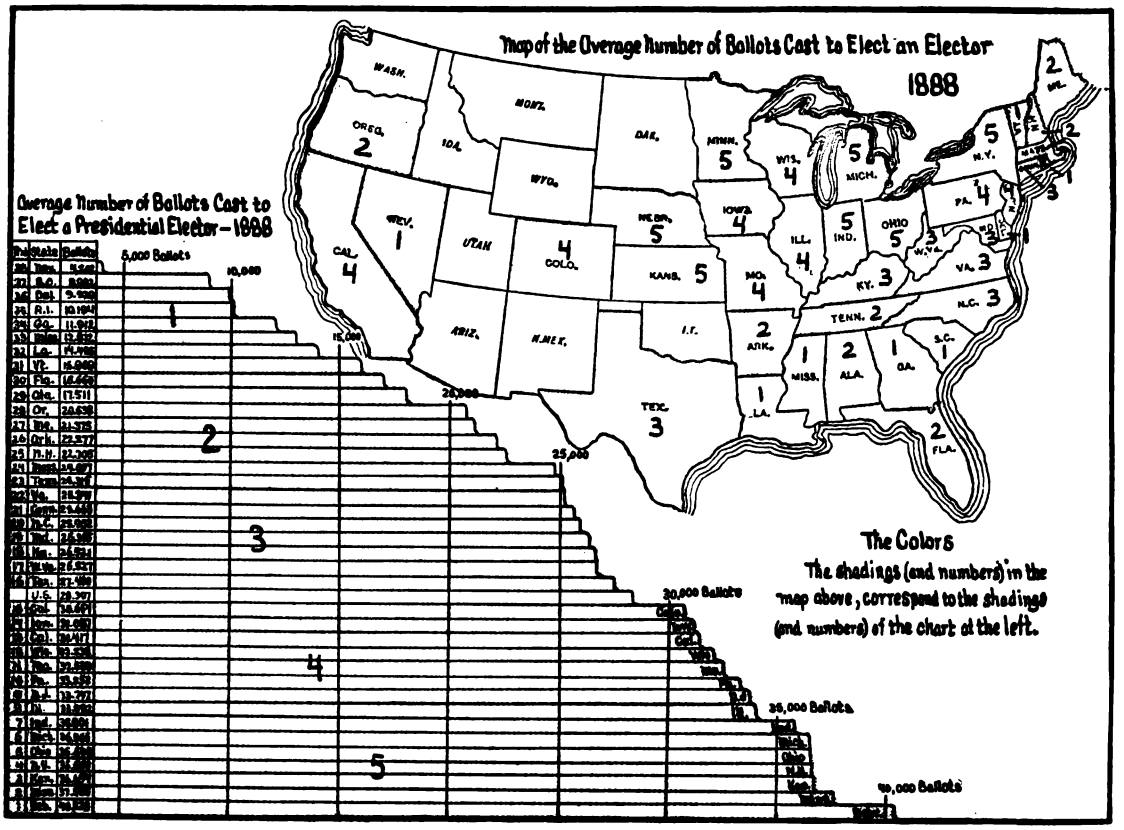
A bill proposing to put all federal elections, North and South, under National supervision (the "Force Bill") shared with the Tariff Bill an intense popular interest throughout the country, but it failed to become a law.

The custom of a century in the House, had been to count members absent (even though present) unless they voted. Much excitement was produced by the ruling of Speaker Reed directing that such members be recorded as present, for the purpose of a quorum.

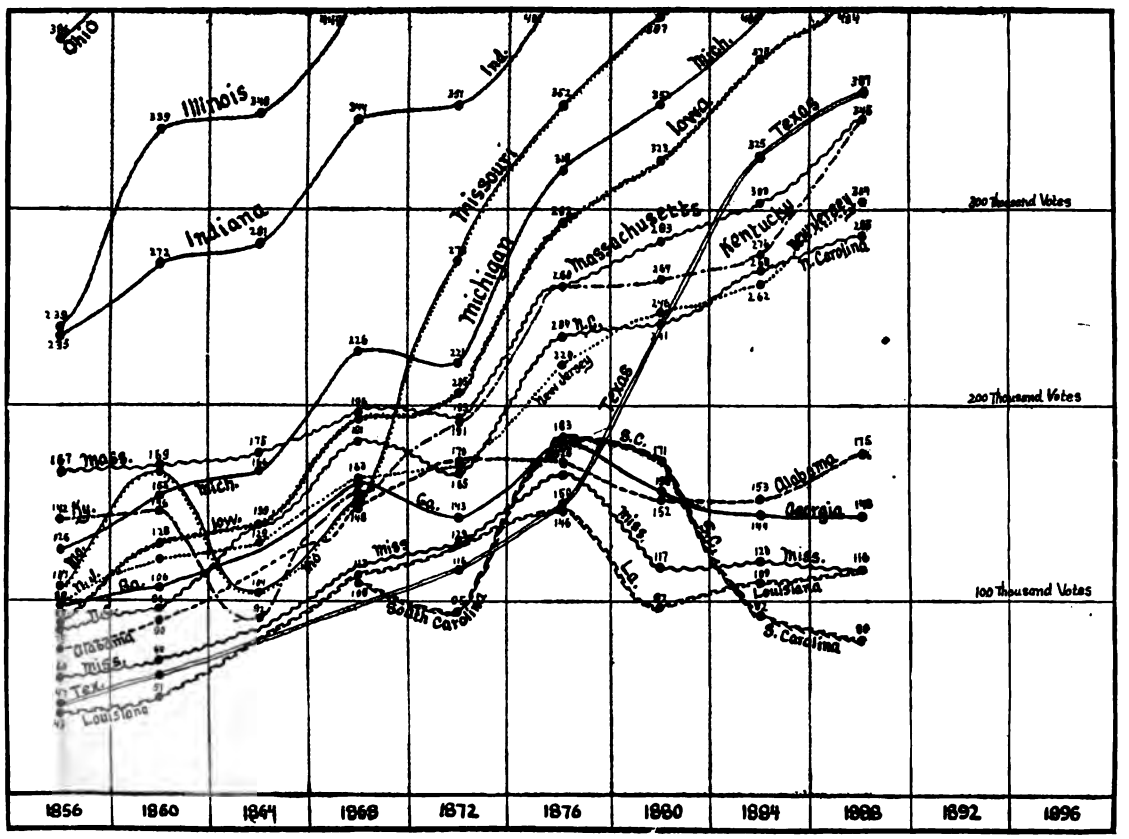
CHIEF ISSUES.—PROTECTION—FEDERAL SUPERVISION OF ELECTIONS—BOUNTIES.

REPUBLICANS.	DEMOCRATS.
Advocated a Tariff whose chief aim should be protection to important industries; National supervision of National elections; Mail, construction, and navigation bounties in aid of the ocean carrying trade.	Denounced Republican protection as a fraud, and advocated a Tariff for revenue only. Opposed National supervision of National elections; and all bounties to aid the ocean carrying trade.

Worth of a Presidential Ballot in the several States



The Vote of the Gulf States



WORTH OF A PRESIDENTIAL BALLOT.

GRAPHIC STUDY, No. 106.

Explanation.—The shades of color divide the States into five groups, numbered in heavy-faced figures on the map and the chart alike. The map at the right serves to locate the States casting a large or a small average vote for an elector, while the chart at the left gives the exact average for each State and compares them, both severally and in groups, by means of figures and lines of color.

QUERIES ANSWERED.

291. Does one man's vote count as much as another's?

It is probable that many men have never once thought that a ballot cast in one State counts much more toward electing the President than if cast in another State.

The darkest shades on the map and chart of Study 106 opposite, mark the States in which a ballot counts least. As examples: in the election of 1888 the two important States of New York and Ohio bear the darkest shade (5), and reference to the chart (group 5) shows that the average number of ballots cast to elect an elector in each of those States was over thirty-six thousand. On the other hand, at the same election, in the State of South Carolina (group 1), it took less than nine thousand ballots to elect an elector; that is, thirty-six thousand voters in Ohio or New York elected but one Presidential elector (cast but one vote for President), while thirty-six thousand voters in South Carolina elected four Presidential electors (cast four votes for President).

292. Why does a ballot count only one-fourth as much in New York or Ohio as in South Carolina?

This inequality is due to two causes, one constitutional and normal, the other local and irregular:

(1) The Constitution gives each State as many electors as it has members in the House of Representatives in Congress, which is a theoretical equality. It further gives each State two electors-at-large (one for each Senator), which is an intentional inequality, since it gives the smallest States as many electors-at-large as the largest. The gain in population during the ten years between the census years does not change the electoral vote of a State, while it increases the popular vote of some States very rapidly, and of others very slowly.

(2) If a portion of the popular vote of a State is not cast, while its full electoral vote is cast, it gives undue value to the portion of the popular vote that is cast, since a partial vote elects as many electors as would the full vote. It is shown in the STUDY, on "The Vote of the Gulf States" (STUDY 107, opposite), that some States have failed to cast a full vote at several successive Presidential elections. (See Queries 294–298.)

293. What is the remedy for such inequality in the result of a ballot?

If the President were elected directly by the popular vote, then one ballot would everywhere be worth as much as another, or, if the number of Presidential electors were apportioned according to the popular vote of the last preceding presidential election, there would be little inequality.

VOTE OF THE GULF STATES.

GRAPHIC STUDY, No. 107.

Explanation.—The increase in the number of ballots cast at successive elections is indicated by the upward slant of the lines of dots from left to right. To aid the eye in tracing the line of dots representing any one State, a variety of lines has been employed.

The figures with each dot express (in nearest thousands) the number of ballots cast at the Presidential election indicated by the date below at the foot of the diagram.

QUERIES ANSWERED.

294. Has part of the vote of the Gulf States been "suppressed"?

At the election of 1880, several of the Southern States polled a vote smaller than in 1876, and in some cases smaller even than in 1872. This small vote of 1880 was (on the average) not increased in 1884 nor yet in 1888. The object of STUDY 107, opposite, is to show what States did not cast a full vote, to discover the extent of the shortage, and the tendency to a fuller vote, if any, in individual States, at the elections of 1884 and 1888.

295. Have States usually increased their vote from election to election?

To make the examination conclusive, the record in this STUDY includes not only those Southern States whose vote fell off most, but also other Southern States and several Northern States whose usual vote was most nearly of the same total as of the Southern States in question previous to 1880.

The chart lines show at a glance that from 1856 to 1876 inclusive, the several States, as a rule, increased their total vote from one election to another.

296. Did both Southern and Northern States increase their votes equally from 1856 to 1876?

The chart lines show that the Southern States increased their total vote from election to election as rapidly as the Northern States, from 1856 to 1876, with the exception of Missouri and Kentucky at the election of 1864. This exception is readily accounted for by the fact that in 1864 the Civil War was still in progress, and a part of the area of each of these two States was involved in the struggle. These two States have, it is seen, since 1864, kept pace with the Northern States in the increase of total vote.

297. What State shows the greatest loss of votes?

In 1876, as is clear from the chart, South Carolina cast the largest vote of the five, which show marked loss since that date, and in 1888 it cast the smallest vote of the five.

298. Have the States that lost votes gained or lost in population?

The Census records show that these States have increased in population steadily since 1860, and that the average rate of increase of the group is not less than that of the group (North Carolina, New Jersey, Kentucky and Massachusetts), whose chart lines appear just above the gap produced by the decline of the lines of the Gulf States. Plainly, then, if the natural vote of these States had been cast there would be no such gap in the chart. The Gulf States should have increased their votes at least as fast as from 1856 to 1876, and no one of them should have cast less than two hundred thousand votes in 1888. For whatever reason, a large part of the vote of these States is not cast, and this alone gives to such States an undue power in presidential elections.

CONCLUSION.

In closing, the author wishes to draw attention to two features of the work of special importance to all who will give THE FACTS of past experience, a due place in the consideration of present issues:—(1) The demonstrated fact that the condition of the wage-earner in the United States, whether in the factory or on the farm, or in mental employments, has been bet-

AUTHORITY.—Reports of the Secretaries of State of the several States.

ter under the settled protective policy than ever before. (See pages 26 to 33.) (2) The fact that the history of the great national issues of the past shows that, unfortunately, the Democratic party has in the main been opposed to all the important measures which in actual experience have given to the nation prosperity and stability. (See pages 110 to 123.)

299. Do the Charts prove that the Protective Tariff produced the better condition of the wage-earner?

The charts were not drawn to prove either the Protectionist or Free Trade theory. They simply show at a glance and in a vivid manner, by the official records, what the conditions have actually been under all former existing tariffs and that, as a matter of fact, the laborer is much better off under the present protective tariff than under any revenue tariff. It is also shown that he is much better off in this, the most highly protected country of the world, than in any other country.

300. Is the higher money wage of this country really better for the laborer?

A theorist on either one side or the other may admit no *proof* of anything opposed to his theory, but for practical men the one fact that there is a constant inflow of laborers to this country from all parts of the world proves that the rewards of labor are, all in all, far greater in the United States than anywhere else in the world. Men do not easily sever the ties of home, and seek a place in a strange land. These hundreds of thousands of immigrants who yearly throng to the United States evidently find themselves better off here, for they advise others to come and hundreds of thousands follow yearly, on the advice of their countrymen already here. They surely are good judges of the facts in their own experience.

301. Do Free Traders admit that prosperity has increased under the Protective system?

Edward Atkinson, one of the ablest advocates of free trade, says in the *Forum*, of May, 1892, "The period that has elapsed since the end of the Civil War is one of the most remarkable in economic history. In spite of * * * the excessive taxes or duties upon materials of foreign origin * * * such has been the magnitude of the demand, in part induced by the influx of immigrants, who have established themselves in our own country under favorable conditions, and have become consumers of our merchandise and manufactured products, as well as producers of others, that there has been (subject to temporary variations and fluctuations) a steady advance in the rates of wages, a steady reduction in the cost of labor per unit of product, and a corresponding reduction in the price of goods of almost every kind to the consumer."

"There has never been a period in the history of this or any other country when the general rate of wages was as high as it is now, or the prices of goods relatively to wages so low as they are to-day."

302. What parallel is presented by taxation for public improvements?

Mr. Atkinson and all other free traders insist that all duties are taxes. Accepting that view, for the sake of a parallel, let his statement be applied to the subject of taxation as follows: Suppose that a sturdy city government has for twenty years taxed the people of a city at a high rate in order to provide better conditions for its population. The improvements have been made and well made, and a resident of the city enjoying the improvements writes, after the manner of Mr. Atkinson: "In spite of the excessive taxes, there are better highways than ever before, a better system of water supply and improved sanitary arrangements, the streets are better lighted and laws are better enforced; moreover, the labor necessary to accomplish all this has furnished employment to hundreds of men whose families would otherwise have suffered."

What would be thought of that kind of statement? Is it fair to the city government to say that these improvements have resulted "in spite of the taxes?" Must it not be conceded that they were effected by means of the taxes?

The framers of the protective tariff laid the duties, or "taxes," purposely to accomplish the grand results which Mr. Atkinson enumerates, just as a city government lays taxes to improve a city. To assert that the improvement in the industries of the country has been "in spite of the protective system" would be just as reasonable as for some resident of the city to explain the improvement by saying, "In spite of taxes we have a better city."

303. What political party has been oftenest on the right side?

In reviewing the political history of the nation it appears that one of the chief controversies has been over the doctrine of "State Rights," the doctrine that prompted Nullification. It is the work of but a few minutes to review the record of parties in the preceding pages (110-123) and learn which parties have held the right and which the wrong side of that question.

Another chief issue was that of Internal Improvements. The record shows very plainly which party steadily opposed such improvements for a half century.

Another issue was that of a National currency, as represented by the United States bank. There is no question as to which party has stood for sound National currency as opposed to State banks and unstable currency.

The most important of all past issues was that of Slavery. Few will need to consult the record to know which party steadily favored slavery and which opposed it.

The same party that has been almost without exception, on the wrong side of all the great issues of the century, still upholds the "white man's government" in the South and opposes all special protection to American industries.

304. What progress has been made by the Protective policy?

The great industrial issue of the whole century—Protection to Home Industry—is the chief issue of the present hour. In all the conflicts of the past it has met strong and earnest foes, and has won its success in the face of bitter opposition. The agitation for Protection has widened until it embraces all countries, and although its highest achievements have been in the United States, every enlightened nation on the globe except England is steadily advancing its legislation in the same direction. Even England, though still refusing to enact protective tariffs, yet protects its shipping effectively by ample subsidies, and a large and rapidly increasing body of Englishmen are declaring for "Fair Trade," which is but another name for "Protection."

305. What is the "logic of facts" concerning Protection?

The facts of successful experience are to decide the issue between Protection and Free Trade; and the author's object has been accomplished if he has succeeded in placing these facts in a clearer light for voters of all classes. The investigations embodied in these GRAPHIC STUDIES have led him to the conclusion that the weight of the facts is overwhelmingly on the side of Protection, not only in the industrial and commercial history of this country, but also in the progress of the protective principle in practical legislation throughout the whole civilized world.